

CURRITUCK COUNTY
NORTH CAROLINA
APRIL 21, 2008

The Board of Commissioners met on April 21, 2008, at 7:00 p.m. for its regularly scheduled meeting at the Historic Courthouse in the Commissioners Meeting Room with the following members present: Chairman Nelms, Commissioners Bowden, Gregory, Taylor and Etheridge.

Invocation

Pledge of Allegiance

The Reverend David Coxson was present to give the invocation.

Approval of Agenda

Commissioner Gregory moved to amend the agenda by deleting Item 4 and adding Item 4A. Resolution on Mental Health and 4B. Resolution supporting Dare County. Commissioner Bowden seconded the motion. Motion carried.

Public Comment

Please limit comments to items not appearing on the regular agenda, please limit comments to 3 minutes.

- Item 3 **Proclamation for National Day of Prayer**
- Item 4 **Update from the Fire and EMS Advisory Board**
- Item 5 **Consideration of Interlocal Agreement to Oppose the Coastal Stormwater Rules**
- Item 6 **Consideration of Interlocal Agreement for OLF**
- Item 7 **Consent Agenda:**
 - 1. Budget Amendments
 - 2. McKenzie Construction Corporation - Change order #9 North Elementary School
 - 3. Approval of March 3, 2008, minutes
 - 4. Approval of April 7, 2008, Minutes
- Item 8 Commissioner's Report
- Item 9 County Manager's Report
- Item 10 **Closed Session:**
 - 1. According to GS 143-318.11(4) to discuss matters relating to the location or expansion of industries or other business

Adjourn

Special Meeting

Moyock Commons Water and Sewer District Meeting

Call to order

Approval of Letter of Intent

Adjourn

Public Comment

Please limit comments to items not appearing on the regular agenda, please limit comments to 3 minutes.

Chairman Nelms opened the public comment period.

David Sawyer, invited public to attend the National Day of Prayer for May 1.

There being no further comments, Chairman Nelms closed the public comment period.

Proclamation for National Day of Prayer

Commissioner Etheridge moved to approve. Commissioner Taylor seconded the motion. Motion carried.

NATIONAL DAY OF PRAYER

MAY 1, 2008

**BY THE CURRITUCK COUNTY BOARD OF COMMISSIONERS OF THE
STATE OF NORTH CAROLINA**

A PROCLAMATION

WHEREAS, National Days of Prayer have been part of our country's heritage since the first one was declared by the Continental Congress in 1775; and

WHEREAS, leaders of our Nation have relied upon the power of prayer throughout American history; and

WHEREAS, May 1, 2008, marks the 57th consecutive observance of the National Day of Prayer, as mandated by both Houses of Congress and by our President in Public Law 100-307; and

WHEREAS, it is good that we acknowledge that we are all God's handiwork and that it is appropriate to call upon Him in prayer; and

WHEREAS, "National Day of Prayer's theme is 'Prayer: America's Strength and Shield. The Lord is my strength and shield; my heart trust in Him, and I am helped.'

WHEREAS, while American troops fight for democracy and freedom around the globe and battle the war on terror, citizens of the United States will gather on May 1, 2008, to worship and pray for the American troops, our nation, churches, families, schools and governmental leaders, asking the Lord to grant them wisdom for the challenges they face on a daily basis;

NOW, THEREFORE, the Board of Commissioners of Currituck County, North Carolina, do hereby proclaim May 1, 2008, as **"NATIONAL DAY OF PRAYER"** in Currituck, North Carolina, and urge our citizens to join together in their homes, places of work, and places of worship, to pray for the unity of the hearts of all mankind and to continue in prayer for our State and our Nation.

Update from the Fire and EMS Advisory Board

Deleted

Consideration of Resolution to support Dare County beach access.

Commissioner Bowden moved to adopt. Commissioner Gregory seconded the motion. Motion carried.

**RESOLUTION IN OPPOSITION TO AN INJUNCTION
TO PROHIBIT ACCESS TO THE
CAPE HATTERAS NATIONAL SEASHORE BEACHES**

WHEREAS, a portion of Currituck County is located on the northern beaches of North Carolina's Outer Banks; and

WHEREAS, Currituck County has a permanent population of approximately 28,000 and an annual visiting population of approximately 1,000,000; and

WHEREAS, the Cape Hatteras National Seashore is a pristine treasure in the National Park System which includes a wide variety of shore birds and wildlife; and

WHEREAS, the Cape Hatteras National Seashore is located an easy distance from Currituck County; and

WHEREAS, many Currituck County residents and visitors enjoy the Cape Hatteras National Seashore each year, during all times of the year, through a variety of activities that include surf fishing and beach driving, surfing, swimming, and birding; and

WHEREAS, millions of people come from all over the world to vacation each year on the Outer Banks to enjoy its history, culture, cuisine, and beaches; and

WHEREAS, Currituck County recognizes Dare County's and North Carolina's dependence on tourism as its foremost industry, providing the economic substance for its citizenry and that Dare County is one of only four "donor" counties out of 100 North Carolina counties; and

WHEREAS, Currituck County recognizes that the beaches located within the Cape Hatteras National Seashore belong to the people of the United States and are managed by the United States National Park Service; and

WHEREAS, Currituck County further recognizes the National Park Service's dual mandate of balancing tourism and resource protection within the Cape Hatteras National Seashore; and

WHEREAS, several diverse user groups have been selected by the National Park Service as stakeholders, referred to as the Negotiated Rulemaking Committee, and charged with developing

an ORV (Off Road Vehicle) plan for the Cape Hatteras National Seashore and are negotiating in good faith; and

WHEREAS, an injunction request has been filed by the Southern Environmental Law Center on behalf of the Defenders of Wildlife and the Audubon Society which would deny practical access to some of the world's most productive surf fishing and most visited recreational beaches in the United States, which include Oregon Inlet, Cape Point, Hatteras Spit, North Ocracoke, and South Ocracoke; and

WHEREAS, Currituck County acknowledges the current lawsuit filed by the Southern Environmental Law Center against Federal Defendants and resultant severe economic and social hardship all of Dare County, and the State of North Carolina, would suffer if the Cape Hatteras National Seashore beaches are closed to beach driving; and

WHEREAS, Currituck County provides abundant beach access opportunities for its residents and visitors and is one component of many that comprise the vacation experience that has come to be known as North Carolina's Outer Banks, including the Cape Hatteras National Seashore;

NOW, THEREFORE, BE IT RESOLVED, that the Currituck County Board of Commissioners joins Dare County, our state and federal elected officials and the US Department of Justice in an effort to fully engage a committed defense to prevent irreparable economic harm to the citizens of Dare County and the unnecessary elimination of the enjoyment of our National Seashore by the premature denial of vehicular access to any beach until the Negotiated Rulemaking Committee can complete its mission; and

BE IT FURTHER RESOLVED, that the Currituck County Board of Commissioners hereby speaks for the citizens and visitors of Currituck County to lend their voices in support of keeping the Cape Hatteras National Seashore beaches open and accessible to all users.

Consideration of Resolution opposing state control of Mental Health.

Commissioner Etheridge moved to adopt. Commissioner Taylor seconded the motion. Motion carried.

RESOLUTION OPPOSING STATE GOVERNMENT CONTROL OF MENTAL HEALTH IN THE ALBEMARLE REGION OF NORTHEASTERN NORTH CAROLINA

WHEREAS, the Currituck County Board of Commissioners is committed to the promotion of an improved quality of life and services for the citizens of this county and region; and

WHEREAS, the Board of Commissioners understands that it has been suggested that North Carolina State Government assume control of mental health staff and services in the counties of Camden, Chowan, Currituck, Dare, Gates, Hyde, Pasquotank, Perquimans, Tyrrell and Washington; and

WHEREAS, the Board of Commissioners believes that the state imposed mental health reform to date has adversely impacted the delivery of mental health services and the cost of these services, and therefore adversely impacted the quality of life of our residents; and

WHEREAS, no agency of state government has adequately consulted with constituents or representatives of the region to discuss or point out any advantages to be derived by the citizens being subject to state control of mental health staff and services; and

WHEREAS, there does not readily appear to the Board of Commissioners any improvement of service or other benefit to offset the observed disadvantages to loss of local authority of our region;

NOW, THEREFORE, BE IT RESOLVED by the Currituck County Board of Commissioners that state authority for mental health services not be imposed in the counties of Camden, Chowan, Currituck, Dare, Gates, Hyde, Pasquotank, Perquimans, Tyrrell or Washington.

Consideration of Interlocal Agreement to Oppose the Coastal Stormwater Rules

Commissioner Gregory moved to approve up to \$6,500.
Commissioner Bowden seconded the motion. Motion carried.

Consideration of Interlocal Agreement for OLF

Commissioner Gregory moved to approve with a monthly report of funds. Commissioner Etheridge seconded the motion.
Motion carried.

Consent Agenda:

1. Budget Amendments
2. McKenzie Construction Corporation - Change order #9 North Elementary School
3. Approval of March 3, 2008, minutes
4. Approval of April 7, 2008, Minutes

Commissioner Bowden moved to approve. Commissioner Gregory seconded the motion. Motion carried.

| <u>Account Number</u> | <u>Account Description</u> | Debit | Credit |
|-----------------------|----------------------------|--------------------------------------------|--------------------------------------------|
| | | Decrease Revenue or Increase Expense | Increase Revenue or Decrease Expense |
| 61818-513000 | Utilities | \$ 8,000 | |
| 61818-590000 | Capital Outlay | | \$ 8,000 |
| | | \$ 8,000 | \$ 8,000 |

Explanation: *Mainland Water (61818)* - To transfer budgeted funds for temporary power to distribution building during construction.

Net Budget Effect: Mainland Water Fund (61) - No change.

| <u>Account Number</u> | <u>Account Description</u> | Debit | Credit |
|-----------------------|----------------------------|--------------------------------------------|--------------------------------------------|
| | | Decrease Revenue or Increase Expense | Increase Revenue or Decrease Expense |

| | | | | | |
|--------------|-----------------------|----|-----------|---------------|-------------------------|
| 15447-545000 | Contract Services | \$ | 13,500 | | |
| 15447-561000 | Professional Services | | | \$ | 13,500 |
| | | | <u>\$</u> | <u>13,500</u> | <u>\$</u> <u>13,500</u> |

Explanation: *Occupancy Tax - Tourism Related (15447)* - To transfer budgeted funds for contract for drainage for Persimmon Street ditch.

Net Budget Effect: Occupancy Tax (15) - No change.

| <u>Account Number</u> | <u>Account Description</u> | Debit | | Credit | |
|-----------------------|-----------------------------------|-------------------------|-----------|-------------------------|-------------------------|
| | | Decrease Revenue or | | Increase Revenue or | |
| | | <u>Increase Expense</u> | | <u>Decrease Expense</u> | |
| 10960-511000 | Postage | \$ | 4,000 | | |
| 10960-531000 | Gas, Oil, Etc | \$ | 40,000 | | |
| 10960-539000 | Unemployment Compensation | | | \$ | 3,584 |
| 10310-400007 | Ad Valorem Taxes - 2007 Levy | | | \$ | 16,916 |
| 10380-488000 | ABC Education Distributions | | | \$ | 13,000 |
| 10380-488200 | ABC Law Enforcement Distributions | | | \$ | 10,500 |
| | | | <u>\$</u> | <u>44,000</u> | <u>\$</u> <u>44,000</u> |

Explanation: *Central Services (10960)* - To increase appropriations for fuel and postage increases for the remainder of this fiscal year.

Net Budget Effect: Operating Fund (10) - Increased by \$40,416.

| <u>Account Number</u> | <u>Account Description</u> | Debit | | Credit | |
|-----------------------|--------------------------------------|-------------------------|-----------|-------------------------|------------------------|
| | | Decrease Revenue or | | Increase Revenue or | |
| | | <u>Increase Expense</u> | | <u>Decrease Expense</u> | |
| 10490-532003 | Supplies - Court Facilities | \$ | 1,000 | | |
| 10490-545003 | Contract Services - Court Facilities | \$ | 6,000 | | |
| 10490-532000 | Supplies - other | | | \$ | 500 |
| 10340-450500 | Administrative and Filing Fees | | | \$ | 6,500 |
| | | | <u>\$</u> | <u>7,000</u> | <u>\$</u> <u>7,000</u> |

Explanation: *Court Facility Fees (10490)* - To increase appropriations for contract increases over this fiscal year and for operating expenses for the remainder of the year.

Net Budget Effect: Operating Fund (10) - Increased by \$6,500.

| Debit | Credit |
|---------------------|---------------------|
| Decrease Revenue or | Increase Revenue or |

| <u>Account Number</u> | <u>Account Description</u> | <u>Increase Expense</u> | <u>Decrease Expense</u> |
|-----------------------|----------------------------|-------------------------|-------------------------|
| 10510-514000 | Travel | \$ 3,000 | |
| 10510-531000 | Gas, Oil & Tires | \$ 31,000 | |
| 10510-514500 | Training & Education | | \$ 3,000 |
| 10511-545000 | Contracted Services | | \$ 31,000 |
| | | <u>\$ 34,000</u> | <u>\$ 34,000</u> |

Explanation: *Sheriff (10510); Jail (10511)* - To transfer budget funds for travel and additional fuel cost for the Sheriff's Department for the remainder of this fiscal year.

Net Budget Effect: Operating Fund (10) - No change.

| <u>Account Number</u> | <u>Account Description</u> | <u>Increase Expense</u> | <u>Decrease Revenue or Increase Revenue or Decrease Expense</u> |
|-----------------------|----------------------------|-------------------------|-----------------------------------------------------------------|
| 10530-590000 | Capital Outlay | \$ 1,324 | |
| 10530-544000 | Volunteer Assistance | | \$ 1,324 |
| | | <u>\$ 1,324</u> | <u>\$ 1,324</u> |

Explanation: *Emergency Medical Services (10530)* -To purchase three (3) radios to be used by the Volunteers while they are responding to calls.

Net Budget Effect Operating Fund (10) - No change.

| <u>Account Number</u> | <u>Account Description</u> | <u>Increase Expense</u> | <u>Decrease Revenue or Increase Revenue or Decrease Expense</u> |
|-----------------------|---------------------------------|-------------------------|-----------------------------------------------------------------|
| 10750-519500 | TANF EA/Domestic Violence Funds | \$ 6,000 | |
| 10750-531000 | Gas, Oil, etc. | \$ 5,500 | |
| 10760-532900 | Foster Care Supplement | \$ 18,000 | |
| 10750-514000 | Travel | | \$ 5,500 |
| 10330-430200 | Adoption Assistance | | \$ 18,000 |
| 10330-431000 | DSS Administration | | \$ 6,000 |
| | | <u>\$ 29,500</u> | <u>\$ 29,500</u> |

Explanation: *Social Services Administration (750): TANF Emergency Assistance*-Adjust line item to reflect additional Domestic Violence funding allocation from the state.
Travel/Gas, Oil, Etc. - Move funds due to increase cost of fuel. **County Assistance (760): Foster Care Supplement**-Adjust line item to reflect additional Special Child Adoption funds received from the state.

Net Budget Effect: Operating Fund (10) - Increased by \$24,000.

Debit **Credit**

| <u>Account Number</u> | <u>Account Description</u> | Decrease Revenue or <u>Increase Expense</u> | Increase Revenue or <u>Decrease Expense</u> |
|-----------------------|----------------------------|---------------------------------------------------|---------------------------------------------------|
| 12543-532103 | Fire Supplies | \$ 20,000 | |
| 12543-511003 | Telephone & Postage | | \$ 400 |
| 12543-514503 | Travel/Training/Educ | | \$ 5,000 |
| 12543-544003 | Volunteer Assistance | | \$ 14,600 |
| | | <u>\$ 20,000</u> | <u>\$ 20,000</u> |

Explanation: **Moyock Volunteer Fire Department (12543)** - To transfer funds for operations for the remainder of this fiscal year.

Net Budget Effect: Fire Services Fund (12) - No change.

| <u>Account Number</u> | <u>Account Description</u> | Debit Decrease Revenue or <u>Increase Expense</u> | Credit Increase Revenue or <u>Decrease Expense</u> |
|-----------------------|----------------------------|----------------------------------------------------------------|-----------------------------------------------------------------|
| 12546-511006 | Telephone & Postage | \$ 6,261 | |
| 12546-513006 | Utilities | \$ 20,500 | |
| 12546-514506 | Travel/Training/Education | \$ 1,250 | |
| 12546-516006 | Repairs & Maintenance | \$ 25,835 | |
| 12546-516106 | Building & Grounds | \$ 14,312 | |
| 12546-531006 | Gas, Oil, Etc | \$ 10,000 | |
| 12546-532006 | Office Supplies | \$ 19,125 | |
| 12546-532106 | Fire Supplies | \$ 27,471 | |
| 12546-533906 | Ambulance Supplies | \$ 115 | |
| | Personal Protective | | |
| 12546-536106 | Equipment | \$ 4,800 | |
| 12546-553006 | Dues & Subscriptions | \$ 6,770 | |
| 12546-554006 | Insurance | \$ 53,299 | |
| 12546-561006 | Professional Services | \$ 13,000 | |
| 12546-544006 | Volunteer Assistance | \$ 77,959 | |
| 12546-545000 | Contract Services | | \$ 270,697 |
| 12546-590006 | Capital Outlay | | \$ 10,000 |
| | | <u>\$ 280,697</u> | <u>\$ 280,697</u> |

Explanation: **Corolla Volunteer Fire Department (12546)** - To transfer funds to reflect budget

for this fiscal year.

Net Budget Effect:

Fire Services Fund (12) - No change.

| <u>Account Number</u> | <u>Account Description</u> | Debit | | Credit | |
|-----------------------|----------------------------|--------------|--------------------------------------------|--------------------------------------------|-------------------|
| | | | Decrease Revenue or Increase Expense | Increase Revenue or Decrease Expense | |
| 10530-502100 | Salaries - OT | \$ | 140,000 | | |
| 10530-503500 | Temporary Services | \$ | 100,000 | | |
| 10530-502000 | Salaries - Regular | | | \$ | 240,000 |
| 10530-511000 | Telephone & Postage | \$ | 3,000 | | |
| 10530-513000 | Gas, Oil, Etc | \$ | 20,000 | | |
| 10541-502000 | Salaries - Regular (Fire) | | | \$ | 23,000 |
| 10530-052100 | Salaries - OT | \$ | 20,000 | | |
| 10530-503500 | Temporary Services | \$ | 132,214 | | |
| 10530-505000 | FICA | \$ | 11,644 | | |
| 10530-507000 | Retirement | \$ | 1,978 | | |
| 10530-533900 | Ambulance Supplies | \$ | 3,000 | | |
| 10530-531000 | Gas, Oil, Etc | \$ | 7,500 | | |
| 10530-516000 | Repairs & Maintenance | \$ | 4,000 | | |
| 10350-465300 | EMS Reimbursement | | | \$ | 55,375 |
| 10530-590000 | Capital Outlay | | | \$ | 75,683 |
| 10541-502000 | Salaries - Regular | | | \$ | 30,000 |
| 10541-505000 | FICA | | | \$ | 4,054 |
| 10541-506000 | Insurance Expense | | | \$ | 5,000 |
| 10541-507000 | Retirement Expense | | | \$ | 5,247 |
| 10541-511000 | Telephone & Postage | | | \$ | 1,400 |
| 10541-514500 | Training & Education | | | \$ | 3,500 |
| 10541-514600 | Public Education | | | \$ | 500 |
| 10541-526000 | Advertising | | | \$ | 1,000 |
| 10541-531000 | Gas, Oil Etc | | | \$ | 1,500 |
| 10541-532000 | Supplies | | | \$ | 1,750 |
| 10541-536000 | Uniforms | | | \$ | 500 |
| 10541-553000 | Dues & Subscriptions | | | \$ | 1,000 |
| 10541-590000 | Capital Outlay | | | \$ | 1,877 |
| 10541-511010 | Data Transmission | \$ | 1,300 | | |
| 10541-513000 | Utilities | \$ | 5,700 | | |
| 10541-514000 | Travel | \$ | 1,050 | | |
| | | | <u>\$ 451,386</u> | | <u>\$ 451,386</u> |

Explanation: **Emergency Medical Services (10530):** To transfer budgeted funds to Overtime and Temporary Services from Regular salaries to cover vacancies due to Worker's Comp and FMLA and for operations for the remainder of this fiscal year. Also, to increase appropriations to fund the third EMS crew at Corolla. This will be funded

with \$55,375 remaining from the Corolla appropriation for this fiscal year and the remaining from funds remaining in capital outlay and the County Fire Services budget.

Net Budget

Effect: Operating Fund (10) - Increased by \$55,375.

| <u>Account Number</u> | <u>Account Description</u> | Debit | Credit |
|-----------------------|----------------------------|--------------------------------------------|--------------------------------------------|
| | | Decrease Revenue or Increase Expense | Increase Revenue or Decrease Expense |
| 10540-532000 | Supplies | \$ 1,059 | |
| 10540-514500 | Training & Education | | \$ 494 |
| 10540-590441 | Technology >1,000 | | \$ 160 |
| 10540-553000 | Dues & Subscriptions | | \$ 405 |
| | | \$ 1,059 | \$ 1,059 |

Explanation: *Inspections (10540)* - To transfer funds to purchase newly released code books for building inspectors.

Net Budget

Effect: No change.

Commissioner's Report

Commissioner Taylor stated that a report from the Fire and EMS Advisory Board would be forthcoming at a later meeting.

Commissioner Bowden stated that the BOC meetings are not being aired on Knotts Island.

Chairman Nelms commented on the Outer Banks Bike Week coming up this weekend.

County Manager's Report

The Manager reported that the meetings would be going live on the web at the next meeting. He also stated that the Navy will have a meeting on Monday, April 28, regarding the OLF at the Cooperative Extension Center.

Closed Session: According to GS 143-318.11(4) to discuss matters relating to the location or expansion of industries or other business.

Commissioner Gregory moved to go into closed session. Commissioner Etheridge seconded the motion. Motion carried.

Adjourn

After reconvening from closed session, no action was taken. There being no further business, the meeting adjourned.

Special Meeting

Moyock Commons Water and Sewer District Meeting

Call to order

Approval of Letter of Intent

Chairman Nelms moved to approve the letter of intent as submitted by the attorney to include May 15 as the deadline for signing. Commissioner Gregory seconded the motion. Motion carried.

LETTER OF INTENT

April 21, 2008

Moyock 168 Utilities, LLC
500 Pacific Avenue, #607
Virginia Beach, VA 23451
Attn: Charles S. Friedman, Manager

Re: Letter of Intent - Construction of Expansion to Moyock Commons Water and Sewer District Wastewater Treatment Plant Facility

Dear Chip:

Your company, Moyock 168 Utilities, LLC (the "Developer") has submitted a proposal to Moyock Commons Water and Sewer District (the "District") to engineer and construct an expansion of wastewater treatment capacity to the District's Wastewater Treatment Plant Facility. On April 21, 2008, the District's governing board (the "Board") adopted a resolution authorizing the Currituck County Manager (the "Manager") to enter into negotiations with the Developer as to the specific terms of a proposed arrangement between the District and the Developer respecting the construction of additional wastewater treatment capacity for the District's Wastewater Treatment Plant Facility. The purpose of this Letter of Intent is to outline the basic terms and conditions of the relationship between the parties.

Description of the Project Sites

The District owns a wastewater treatment plant facility, known as Moyock Commons, which serves an area within Moyock Township defined as a water and sewer district. The wastewater treatment plant facility has a permitted treatment capacity of 40,000 gallons per day. The Developer has an equitable legal interest in 25 acres of land adjacent to the District's wastewater treatment plant facility and has received approval or and is in the conceptual development phase for land development projects that will require the treatment of 225,000 gallons per day of wastewater. The Board has concluded that there is a public need for additional wastewater treatment capacity at the District's Wastewater Treatment Plant Facility and that the expansion of such treatment capacity will promote the economic development and long term viability of economic development within the County of Currituck and the District.

Description of the Moyock Commons Wastewater Treatment Plant Facility Expansion

The Developer will be responsible for the design and construction of a facility to increase the wastewater treatment capacity of the District's Wastewater Treatment Plant Facility by 500,000 gallons per day (the "Project"). Developer will use a portion of the land adjacent to the District's Wastewater Treatment

Plant Facility in which Developer currently maintains an equitable legal interest to accommodate the expansion of the District's Wastewater Treatment Plant Facility treatment capacity. Upon completion of construction, the Developer will convey the expanded facilities and land on which the expanded facilities are located to the District. The District will integrate and operate the expanded facilities as part of the District's Wastewater Treatment Plant Facility and will allocate to Developer 225,000 gallons per day of wastewater treatment capacity

Developer's Obligations

Developer shall be responsible for the hire and payment of services rendered by a North Carolina licensed engineer to develop conceptual and full engineering plans required for the permitting and construction of the Project. Developer's engineer will provide County's engineer with review of plans for the Project no less than at 50% of design and 90% of design. The design and plans for the Project shall conform to specifications and materials for District's Wastewater Treatment Plant Facility so that the Project can be integrated into the District's facility.

Developer will apply for and receive all governmental permits required for construction of the Project and its operation upon completion.

Developer will contract for and finance the construction of the Project after bidding the Project in the manner provided by Section 143-129 of the General Statutes of North Carolina. Developer shall provide District with copies of bid documents and contracts for the construction of the Project.

Following completion of the Project, Developer shall provide to the District in form acceptable to the District, documents and permits transferring title and ownership to the District of all improvements and lands constituting the Project.

In advance of the execution of a Development Agreement, Developer shall provide to the District a copy of documents evidencing Developer's equitable legal interest in the property on which Developer will construct the Project or a copy of the deed evidencing ownership of such property.

In advance of the execution of a Development Agreement, Developer shall provide the District with verification acceptable to the District that Developer has the financial resources to undertake and complete the Project.

District's Obligations

Upon completion and transfer of ownership of the Project to the District, the District will integrate the Project into the District's Wastewater Treatment Plant Facility and operate and maintain same.

District will allocate to Developer wastewater treatment capacity in the District's Wastewater Treatment Plant Facility in the amount of 225,000 gallons per day as measured by (1) the water consumption by users located within Developer's development projects and (2) an estimate for inflow and infiltration as determined by District's consulting engineers.

District will reimburse Developer for the certified design, engineering and construction costs incurred by Developer in constructing the Project with fees derived by District for customer connections to the District's Wastewater Treatment Plant Facility up to an amount equal to Developer's certified costs for the Project but in no event in an amount that exceeds fees derived by District from customer connections.

District will provide Developer with copies of any plans, documentation, repair and replacement history and studies related to the District's Wastewater Treatment Plant Facility within three days from the date of this Letter of Intent.

Contract Preparation

District and Developer will instruct their respective attorneys to draft and deliver a development agreement for the Project no later than 45 days from the date of this Letter of Intent for review by District and Developer.

Letter of Intent

This Letter of Intent shall not be binding upon the District and Developer in any way except to the extent that it reflects the intent to proceed and negotiate in good faith and execute a development agreement consistent with the business terms and conditions herein. Unless until such written agreements are duly executed by the parties, no party shall be under any obligation to any other party, and no contractual relationship so exists. The failure of the parties for any reason to enter into the development agreement as contemplated hereby on or prior to May 15, 2008 shall result in termination of this Memorandum of Understanding.

If the above represents your general understanding of our agreement with respect to the business items set forth above and reflects our discussions and expresses your intent to pursue a contract to implement these commitments, please indicate your acceptance in the space provided below.

Adjourn

There being no further business, the meeting was adjourned.