

Macon County



MACON COUNTY BOARD OF COMMISSIONERS FEBRUARY 9, 2021 AGENDA

1. Call to order and welcome by Chairman Tate
2. Announcements
3. Moment of Silence
4. Pledge of Allegiance
5. Public Hearing(s) – **6:00 p.m.** – Financing for Macon Middle School Improvements and Loan Refinancings
6. Public Comment Period (via telephone)
7. Additions to agenda
8. Adjustments to and approval of the agenda
9. Reports/Presentations
 - (A) Information Technology Strategic Plan Study Proposal – Tommy Jenkins, Macon County Economic Development Director
 - (B) Update on Nikwasi Initiative – Elaine Eisenbraun, Executive Director
10. Old Business
11. New Business
 - (A) Resolution providing final approval of financing terms and documents – Macon Middle School Improvements and Loan Refinancings – Finance Director Lori Carpenter
 - (B) Consideration of award for Macon Middle School Renovations – Lori Carpenter
 - (C) Consideration of contract agreements for Macon County Transit to become a transportation provider under managed care – Transit Director Kim Angel and Interim County Attorney Kim Carpenter

- (D) Consideration of new Social Work Supervisor position at Department of Social Services (DSS) – Patrick Betancourt, DSS Director
- (E) Consideration of audit contract with Martin-Starnes & Associates – Lori Carpenter
- (F) Renewal of lease agreement with Hudson Library – County Manager Derek Roland and Kim Carpenter
- (G) Voluntary Shared Leave Program policy amendment – Derek Roland
- (H) Macon County COVID-19 Emergency Paid Sick Leave – Derek Roland

12. Consent Agenda – Attachment #12

All items below are considered routine and will be enacted by one motion. No separate discussion will be held except on request of a member of the Board of Commissioners.

- (A) Minutes of the December 15, 2020 special meeting and the January 12, 2021 regular meeting
- (B) Budget Amendments #150-159
- (C) Tax Releases
- (D) Excise tax refund stemming from Register of Deeds recording
- (E) Additions to Macon County Public Health fee schedule
- (F) Monthly ad valorem tax collection report – no action necessary

13. Appointments

- (A) Library Board – one seat

14. Closed session if needed

15. Adjourn/Recess

MACON COUNTY BOARD OF COMMISSIONERS

AGENDA ITEM

CATEGORY – PUBLIC HEARINGS

MEETING DATE: February 9, 2021

We have a public hearing on the agenda in connection with the financing for the Macon Middle School improvements project and county loan refinancings.

A copy of the affidavit of publication of the notice of public hearing is attached, and the notice appeared in the January 20, 2021 edition of The Franklin Press.

As noted, the purpose of the hearing is to take public comment concerning a proposed financing contract, under which the county would borrow approximately \$16,000,000 to pay capital costs of proposed improvements to Macon Middle School, as well as approximately \$11,500,000 to refinance existing county loans.

Later on the board's agenda, under Item 11(A) under New Business, the board will be asked to consider a resolution providing final approval of financing terms and documents in connection with the public hearing.

Invoice / Affidavit
The Franklin Press
Post Office Box 350
Franklin, NC 28744

STATE OF NORTH CAROLINA
COUNTY OF MACON

AFFIDAVIT OF PUBLICATION Personally appeared before the undersigned, Rachel Hoskins, who having been duly sworn on oath that she is the Regional Publisher of The Franklin Press, and the following legal advertisement was published in The Franklin Press newspaper, and entered as second class mail in the Town of Franklin in said county and state; and that she is authorized to make this affidavit and sworn statement; that the notice or other legal advertisement, a true copy of which is attached hereto, was published in The Franklin Press newspaper on the following dates:

PUBLIC HEARING
MACON MIDDLE SCHOOL
01/20/2021

And that the said newspaper in which such notice, paper, document or legal advertisement was published, was at the time of each and every such publication, a newspaper meeting all the requirements and qualifications of Section I-597 of the General Statutes of North Carolina and was a qualified newspaper within the meaning of the Section I-597 of the General Statutes of North Carolina.

Rachel Hoskins

Signature of person making affidavit

Sworn to and subscribed before me this 21st day of January, 2021

Judy Ann White
Judy Ann White
Notary Public
My Commission Expires: September 5, 2024

JUDY ANN WHITE
NOTARY PUBLIC
MACON COUNTY, NC
My Commission Expires 9-5-2024

Filed with: MACON CO BD OF COMMISSIONERS
Address: 5 WEST MAIN ST FRANKLIN NC 28734
Total Amount Due: \$74.91

**Notice of Public Hearing
Financing for Macon Middle
School Improvements and
Loan Refinancings**

The Board of Commissioners of Macon County, North Carolina, will hold a public hearing on February 9, 2021, at 6:00 p.m. (or as soon thereafter as the matter may be heard). The purpose of the hearing is to take public comment concerning a proposed financing contract, under which the County would borrow approximately \$16,000,000 to pay capital costs of proposed improvements to Macon Middle School, as well as approximately \$11,500,000 to refinance existing County loans.

The hearing will be held in the Commissioners Boardroom on the third floor of the Macon County Courthouse, 5 West Main Street, Franklin, North Carolina.

The proposed financing would be secured by a lien on Macon Middle School (and its associated land) as well as the County's promise to repay the financing, but there would be no recourse against the County or its property (other than the pledged school and the associated land) if there were a default on the financing. As part of this financing plan, the Macon County Board of Education will transfer the school property to the County so it can be used as collateral, but the Board of Education will retain the right to use the school.

All interested persons will be heard. The County's plans are subject to change based on the comments received at the public hearing and the Board's subsequent discussion and consideration. The County's entering into the financing is subject to obtaining approval from the North Carolina Local Government Commission.

Persons wishing to make written comments in advance of the hearing or wishing more information concerning the subject of the hearing may contact Lori Carpenter, Macon County Finance Officer, 5 West Main Street, Franklin, NC 28734 (telephone (828) 349-2027, email lhall@maconnc.org).
01/20/2021#619295

MACON COUNTY BOARD OF COMMISSIONERS

AGENDA ITEM

CATEGORY – REPORTS/PRESENTATIONS

MEETING DATE: FEBRUARY 9, 2021

9A. Macon County Economic Development Director Tommy Jenkins will present a proposal for an Information Technology Strategic Plan Study, and more details will be available at the meeting.

9B. Elaine Eisenbraun, the Executive Director of the Nikwasi Initiative, has requested time on the agenda to update the board regarding “work scheduled for Nikwasi Mound area and its benefit to the people of Macon County.”

MACON COUNTY BOARD OF COMMISSIONERS

AGENDA ITEM

CATEGORY – NEW BUSINESS

MEETING DATE: February 9, 2021

11A. Finance Director Lori Carpenter is requesting approval of a resolution providing final approval of financing terms and documents in connection with the improvements to Macon Middle School and county loan refinancings. A copy of that resolution is included in this packet. However, there are four other draft documents in connection with this item that will be forwarded to the board members via a separate email, due to the size, individually and collectively, of those documents. These will include: (1) a draft trust agreement, (2) a draft deed of trust and security agreement, (3) a draft bond purchase agreement and (4) a draft document regarding the limited obligation bonds.

11B. Also, Mrs. Carpenter will present a recommendation to award the contract on the Macon Middle School renovation project to New Atlantic Contracting, Inc., in the amount of \$8,178,000 – contingent upon Local Government Commission (LGC) approval and the successful closing of the financing. A copy of the letter of recommendation from SGA NarmourWright Design is attached, which includes a bid tabulation.

11C. Transit Director Kim Angel and Interim County Attorney Kim Carpenter will present information on the possibility of Macon County Transit becoming a transportation provider under managed care and the associated contract documents associated with that arrangement. More details will be available at the meeting.

11D. Department of Social Services Director Patrick Betancourt has requested time to discuss the creation of a new Social Work Supervisor position in his agency, and will provide greater detail at the meeting.

11E. Lori Carpenter will also be requesting approval of an audit contract with Martin-Starnes & Associates. Along with a copy of the “contract to audit accounts,” there is an audit engagement letter from the accounting firm included in this packet.

11F. Derek Roland and/or Kim Carpenter will present a proposed lease agreement with the Hudson Library of Highlands, and a copy of the agreement is in the packet.

11G. Mr. Roland will also present a proposed amendment to the county’s Voluntary Shared Leave Program, which, in a nutshell, would essentially allow any employee to donate either sick or annual leave to an employee under certain conditions. At this time, employees can only donate annual leave, unless the donation is going to an employee who is an immediate family member, and then sick leave may be donated. A draft version of the policy which has a black strikethrough of the existing language with the proposed language following in red is included in this packet.

11H. Following discussion at Thursday’s continued session, administrative staff is working to implement a county Emergency Paid Sick Leave (EPSL) policy for those employees who miss work due directly to COVID-19. As noted at the meeting, this form of paid sick leave was not reauthorized by Congress and thus expired on December 31, 2020, and Administration/HR did not have authority to carry it forward. Plans call for the policy to allow paid leave time as was outlined under the Families First Coronavirus Relief Act (FFCRA). More details will be available on Tuesday.

Resolution providing final approval of financing terms and documents – Macon Middle School Improvements and Loan Refinancings

WHEREAS -

The Board of Commissioners has previously determined to carry out improvements and renovations to Macon Middle School, and to refinance some existing County loans.

The Board has made a tentative determination to carry out the financing by using an installment financing, as authorized under Section 160A-20 of the North Carolina General Statutes. In an installment financing, the County's repayment obligation is secured by a mortgage-type interest in all or part of the property being acquired or improved, but not by any pledge of the County's taxing power or any specific revenue stream. The County's financing plan also includes the use of limited obligation bonds, which represent interests in the installment payments to be made by the County that can be sold to investors.

The County staff has made available to the Board the draft documents listed on Exhibit A (the "Documents"), and a draft of an official statement designed to provide information about the County and the financing to prospective investors in the bonds. These items relate to the County's carrying out the financing plan.

This resolution provides the County Board's final approval of the financing terms and the substantially final financing documents.

BE IT THEREFORE RESOLVED by the Board of Commissioners of Macon County, North Carolina, as follows:

1. *Determination to Proceed with Financing* -- The Board confirms its decision to carry out the proposed installment financing as described above.

Under the financing plan, the County will receive funds from the sale of the limited obligation bonds to carry out the projects. The County will repay the funds

over time, with interest. The County will secure its repayment obligation by granting a mortgage-like interest in Macon Middle School. As part of this financing plan, the County will come to own the school property to the County so it can be used as collateral, but the County School Board will retain the right to use the school.

2. *Approval of Documents; Direction to Execute Documents* -- The Board approves the forms of the Documents submitted to this meeting. The Board authorizes the Chairman and the County Manager, or either of them, to execute and deliver those Documents to which the County is a party. The Documents in their respective final forms must be in substantially the forms presented, with changes as the Chairman or the County Manager may approve. The execution and delivery of any Document by an authorized County officer will be conclusive evidence of that officer's approval of any changes.

The Documents in final form, however, must provide for the principal amount of limited obligation bonds not to exceed \$30,000,000, a true interest cost of the financing not to exceed 4.00% and a financing term not to extend beyond December 31, 2041. The amount financed under the Documents may include amounts to pay financing expenses and other necessary and incidental costs.

3. *Sale of Bonds; Approval of Official Statement* - The Board appoints Robert W. Baird & Co. Incorporated to underwrite a public offering of the proposed limited obligation bonds.

The Board approves the draft official statement submitted to this meeting as the form of the preliminary official statement pursuant to which the underwriters will offer the bonds for sale. The preliminary official statement as distributed to prospective investors must be in substantially the form presented, with such changes as the Finance Officer may approve. The Board directs the Finance Officer, after the sale of the bonds, to complete and otherwise prepare the preliminary official statement as an official statement in final form.

The Board authorizes the use of the preliminary official statement and the final official statement (collectively, the "Official Statement") by the underwriters in connection with the sale of the bonds.

The Board acknowledges that it is the County's responsibility, and ultimately the Board's responsibility, to ensure that the Official Statement in its final form neither contains an untrue statement of a material fact nor omits to state a material fact required to be included therein for the purpose for which such Official Statement is to be used or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

4. *Officers to Complete Closing* - The Board authorizes the County Manager, the Finance Officer and all other County officers and employees to take all proper steps to complete the financing in accordance with the terms of this resolution.

The Board authorizes the County Manager to hold executed copies of all financing documents authorized by this resolution in escrow on the County's behalf until the conditions for their delivery have been completed to his satisfaction, and then to release the executed documents for delivery to the appropriate persons or organizations.

Without limiting the generality of the previous paragraphs, the Board specifically authorizes the County Manager (a) to approve and enter into, on behalf of the County, any additional agreements appropriate to carry out the financing plan contemplated by this resolution, and (b) to approve changes to any documents previously signed by County officers or employees, provided that the changes do not substantially alter the intent from that expressed in the form originally signed. The County Manager's authorization of the release of any document for delivery will constitute conclusive evidence of her approval of any changes.

In addition, the County Manager and the Finance Officer are authorized to take all appropriate steps for the efficient and convenient carrying out of the County's ongoing responsibilities with respect to the financing. This authorization includes, without limitation, contracting with third parties for reports and calculations that may be required under the Documents, this resolution or otherwise with respect to the bonds.

5. *Other Financing Participants* - Sanford Holshouser LLP will serve as the County's bond counsel. Davenport & Company LLC will serve as the County's financial adviser. U.S. Bank National Association will serve as Trustee under the Trust Agreement referenced in Exhibit A.

6. *Redemption of Prior Obligations* - The Board directs the Finance Officer to make, on the County's behalf, an irrevocable call for redemption of such of the County's existing loan and financing obligations as the Finance Officer deems beneficial to the County. The Finance Officer shall make this call for redemption by the execution and delivery of an appropriate certificate in connection with the original delivery of the Documents,

7. *Miscellaneous Provisions* - The Board authorizes all County officers and employees to take all further action as they may consider desirable to carry out the purposes of this resolution. In particular, the Board directs the Clerk to this Board to apply the County's seal to the final form Documents, and to attest to the application of the seal. The Board ratifies all prior actions of County officers and employees to this end. Upon the unavailability or refusal to act of the County Manager, the Chairman or the Finance Officer, any other of those officers may assume any responsibility or carry out any function assigned in this resolution. In addition, the Vice Chairman or any Deputy or Assistant Clerk may carry out or exercise any rights or responsibilities assigned in this resolution to the Chairman or the Clerk. The Board repeals all other Board proceedings, or parts of proceedings, in conflict with this resolution, to the extent of the conflict. This resolution takes effect immediately.

Exhibit A -- Draft Documents

(a) A draft dated January 25, 2021, of a Trust Agreement to be dated on or about March 1, 2021, (the "Trust Agreement"), between the County and U.S. Bank National Association (the "Trustee"), providing for the advance of funds to the County, for the issuance of limited obligation bonds, for the County's obligation to repay the amounts advanced, and for the County's responsibilities for the use and care of the collateral.

(b) A draft dated January 25, 2021, of a Deed of Trust and Security Agreement to be dated on or about March 1, 2021, from the County to a deed of trust trustee for the Trustee's benefit, providing for a security interest in the Macon Middle School property to secure the County's obligations under the Trust Agreement.

(c) A draft of a Bond Purchase Agreement to be dated on or about March 8, 2021, providing for the underwriter's obligation to purchase the bonds. The final form of this Agreement will set out the final principal amount, principal payment schedule and interest rates for the bonds, and the other terms and conditions for the underwriter's obligation to purchase the bonds.

03 February 2021

To: Mr. Derek Roland
County Manager
Macon County
5 West Main Street
Franklin NC 28734

Re: **Macon Middle School Renovations**
SGA NW: 19-170-01

Enclosed please find the certified Bid Tabulation from Bids received on February 02, 2021 for the above referenced project. After review of all bids taken, we offer the following recommendation and comments. SGA|NW Design, PA recommends a single prime construction contract be entered into with **New Atlantic Contracting, Inc.**, the low bidder after consideration of base bid and acceptance of recommended alternates.

We recommend acceptance of Base Bid and the following Alternates:

Base Bid:	\$7,489,000
Alternate -1:	\$95,000
Alternate -2:	\$63,000
Alternate -3:	\$45,000
Alternate -4:	\$151,000
Alternate -5:	\$22,000
Alternate -6:	\$234,000
Alternate -7:	\$79,000

The total Construction Contract including base bid and recommended alternates is:
Eight million One hundred and Seventy-Eight thousand dollars (\$8,178,000.00)

We would recommend a minimum 20% - 25% contingency amount for unforeseen conditions.

Please let us know your formal approval process and we will prepare a Notice of Intent to Award for distribution to New Atlantic and the other Bidders.

If you have any further questions regarding the bid, please do not hesitate to call.

Sincerely,
SGA | NW Design, PA



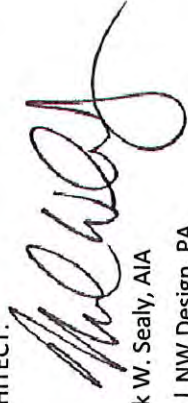
Mark W. Sealy, AIA

enc: Certified Bid Tab
cc: Lori Carpenter
Lindsay Leopard
Jack Morgan
Chris Coleman

BID TABULATION	Harper GC	H & M Constructors	New Atlantic	Shiel - Sexton
Macon Middle School	NC License: 3146	NC License:1245	NC License: 50851	NC License: 51100
SGA NW Design : 19-170-01				
February 02, 2021				
Outer Envelope	yes	yes	yes	yes
Bid Security	yes	yes	yes	yes
Certification of Addenda	yes	yes	yes	yes
Inner Envelope				
Bid Form	yes	yes	yes	yes
Unit Prices Form	yes	yes	yes	yes
Allowances Form	yes	yes	yes	yes
Alternates Form	yes	yes	yes	yes
MBE Form 1 +A or B	yes	yes	yes	yes
Final Certificate and Release Form	yes	yes	yes	yes
Base Bid	\$7,997,000.00	\$7,580,000.00	\$7,489,000.00	\$8,290,000.00
ALT-1: Masonry Screen Wall	\$145,000.00	\$115,000.00	\$95,000.00	\$12,955.00
ALT-2 : Gym Bleachers	\$85,000.00	\$69,000.00	\$63,000.00	\$63,156.00
ALT-3: Cafeteria Tables	\$50,000.00	\$47,000.00	\$45,000.00	\$46,962.00
ALT-4: VCT Flooring	\$95,000.00	\$117,000.00	\$151,000.00	\$189,736.00
ALT-5: Accessible Lift	\$30,000.00	\$28,000.00	\$22,000.00	\$29,905.00
ALT-6: SVT Flooring	\$440,000.00	\$314,000.00	\$234,000.00	\$579,115.00
ALT-7: NE Wing HVAC Unit	\$60,000.00	\$82,000.00	\$79,000.00	\$81,416.00
Total:	\$8,902,000.00	\$8,352,000.00	\$8,178,000.00	\$9,293,245.00

This is to certify that the bids tabulated herein were publicly opened and read on the Second day of February, 2021 in the Macon County Commissioners Board Room.

ARCHITECT:



Mark W. Sealy, AIA
SGA | NW Design, PA

1815 S Tryon St, Suite A, Charlotte, NC 28203

The of and	Governing Board Board of Commissioners
	Primary Government Unit (or charter holder) Macon County, NC
	Discretely Presented Component Unit (DPCU) (if applicable) N/A

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

and	Auditor Name Martin Starnes & Associates, CPAs, P.A.
	Auditor Address 730 13th Avenue Dr. SE, Hickory, NC 28602

Hereinafter referred to as Auditor

for	Fiscal Year Ending	Audit Report Due Date
	06/30/21	10/31/21

Must be within four months of FYE

hereby agree as follows:

1. The Auditor shall audit all statements and disclosures required by U.S. generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s). The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall be rendered in relation to (as applicable) the governmental activities, the business- type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).

2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with GAAS. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the State Single Audit Implementation Act, the Auditor shall perform a Single Audit. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit requires a federal single audit performed under the requirements found in Subpart F of the Uniform Guidance (§200.501), it is recommended that the Auditor and Governmental Unit(s) jointly agree, in advance of the execution of this contract, which party is responsible for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512).

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

3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.
4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC Staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.
5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2018 revision, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he/she has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of the most recent peer review report to the Governmental Unit(s) and the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon auditor's receipt of an updated peer review report. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.
- If the audit engagement is not subject to *Government Accounting Standards* or if financial statements are not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.
6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to LGC Staff within four months of fiscal year end. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay shall be submitted to the Secretary of the LGC for approval.
7. It is agreed that GAAS include a review of the Governmental Unit's (Units') systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his/her findings, together with his recommendations for improvement. That written report shall include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's (Units') records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.
9. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) until the invoice has been approved by the Secretary of the LGC. (This also includes any progress billings.)(G.S. 159-34 and 115C-447] All invoices for Audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoice marked 'approved' with approval date shall be returned to

the Auditor to present to the Governmental Unit(s) for payment. This paragraph is not applicable to contracts for audits of hospitals.

10. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC if required, the fee, which includes any costs the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (federal and state grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. This does not include fees for any pre-issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item 13).

11. If the Governmental Unit(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC Staff, either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to LGC Staff simultaneously with the Governmental Unit's (Units') audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.

12. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit(s) and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit(s) or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board upon completion.

13. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit(s) shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to LGC Staff. The pre-issuance review report shall accompany the audit report upon submission to LGC Staff.

14. The Auditor shall submit the report of audit in PDF format to LGC Staff. For audits of units other than hospitals, the audit report should be submitted when (or prior to) submitting the final invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the LGC by any interested parties. Any subsequent revisions to these reports shall be sent to the Secretary of the LGC along with an Audit Report Reissued Form (available on the Department of State Treasurer website). These audited financial statements, excluding the Auditors' opinion, may be used in the preparation of official statements for debt offerings by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and for other lawful purposes of the Governmental Unit(s) without requiring consent of the Auditor. If the LGC Staff determines that corrections need to be made to the Governmental Unit's (Units') financial statements, those corrections shall be provided within three business days of notification unless another deadline is agreed to by LGC Staff.

15. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the

Secretary of the LGC, this contract may be modified or amended to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.

16. If an approved contract needs to be modified or amended for any reason, the change shall be made in writing and pre-audited if the change includes a change in audit fee (pre-audit requirement does not apply to charter schools or hospitals). This amended contract shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted to the Secretary of the LGC for approval. No change to the audit contract shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.

17. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit(s), shall be attached to this contract, and except for fees, work, and terms not related to audit services, shall be incorporated by reference as if fully set forth herein as part of this contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 28 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.

18. Special provisions should be limited. Please list any special provisions in an attachment.

19. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the primary government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and finance officer also shall be included on this contract.

20. The contract shall be executed, pre-audited (pre-audit requirement does not apply to charter schools or hospitals), and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.

21. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.

22. Retention of Client Records: Auditors are subject to the NC State Board of CPA Examiners' Retention of Client Records Rule 21 NCAC 08N .0305 as it relates to the provision of audit and other attest services, as well as non-attest services. Clients and former clients should be familiar with the requirements of this rule prior to requesting the return of records.

23. This contract may be terminated at any time by mutual consent and agreement of the Governmental Unit(s) and the Auditor, provided that (a) the consent to terminate is in writing and signed by both parties, (b) the parties have agreed on the fee amount which shall be paid to the Auditor (if applicable), and (c) no termination shall be effective until approved in writing by the Secretary of the LGC.

24. The Governmental Unit's (Units') failure or forbearance to enforce, or waiver of, any right or an event of breach or default on one occasion or instance shall not constitute the waiver of such right, breach or default on any subsequent occasion or instance.

25. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.

26. E-Verify. Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor shall require such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.

27. **Applicable to audits with fiscal year ends of June 30, 2020 and later.** For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and Governmental Auditing Standards, 2018 Revision (as applicable). Financial statement preparation assistance shall be deemed a "significant threat" requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. If the Auditor cannot reduce the threats to an acceptable level, the Auditor cannot complete the audit. If the Auditor is able to reduce the threats to an acceptable level, the documentation of this determination, including the safeguards applied, must be included in the audit workpapers.

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

28. **Applicable to audits with fiscal year ends of June 30, 2021 and later.** The auditor shall present the audited financial statements including any compliance reports to the government unit's governing body or audit committee in an official meeting in open session as soon as the audited financial statements are available but not later than 45 days after the submission of the audit report to the Secretary. The auditor's presentation to the government unit's governing body or audit committee shall include:

- a) the description of each finding, including all material weaknesses and significant deficiencies, as found by the auditor, and any other issues related to the internal controls or fiscal health of the government unit as disclosed in the management letter, the Single Audit or Yellow Book reports, or any other communications from the auditor regarding internal controls as required by current auditing standards set by the Accounting Standards Board or its successor;
- b) the status of the prior year audit findings;
- c) the values of Financial Performance Indicators based on information presented in the audited financial statements; and
- d) notification to the governing body that the governing body shall develop a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters," if required under 20 NCAC 03 .0508.

29. Information based on the audited financial statements shall be submitted to the Secretary for the purpose of identifying Financial Performance Indicators and Financial Performance Indicators of Concern.

30. Applicable to charter school contracts only: No indebtedness of any kind incurred or created by the charter school shall constitute an indebtedness of the State or its political subdivisions, and no indebtedness of the charter school shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions.

31. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Item 16 for clarification).

32. The process for submitting contracts, audit reports and invoices is subject to change. Auditors and units should use the submission process and instructions in effect at the time of submission. Refer to the N.C. Department of State Treasurer website at <https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/submitting-your-audit>

33. All communications regarding audit contract requests for modification or official approvals will be sent to the email addresses provided on the signature pages that follow.

34. Modifications to the language and terms contained in this contract form (LGC-205) are not allowed.

FEEES FOR AUDIT SERVICES

1. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct (as applicable) and *Governmental Auditing Standards, 2018 Revision*. Refer to Item 27 of this contract for specific requirements. The following information must be provided by the Auditor; contracts presented to the LGC without this information will not be approved.

Financial statements were prepared by: Auditor Governmental Unit Third Party

If applicable: Individual at Governmental Unit designated to have the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the non-attest services and accept responsibility for the results of these services:

Name: Lori M. Carpenter	Title and Unit / Company: Finance Director, Macon County	Email Address: lhall@maconnc.org
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OR Not Applicable (Identification of SKE Individual not applicable for GAAS-only audit or audits with FYEs prior to June 30, 2020.)

2. Fees may not be included in this contract for work performed on Annual Financial Information Reports (AFIRs), Form 990s, or other services not associated with audit fees and costs. Such fees may be included in the engagement letter but may not be included in this contract or in any invoices requiring approval of the LGC. See Items 8 and 13 for details on other allowable and excluded fees.

3. Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the billings for the last annual audit of the unit submitted to the Secretary of the LGC. Should the 75% cap provided below conflict with the cap calculated by LGC Staff based on the billings on file with the LGC, the LGC calculation prevails. All invoices for services rendered in an audit engagement as defined in 20 NCAC .0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law. (This paragraph not applicable to contracts and invoices associated with audits of hospitals).

PRIMARY GOVERNMENT FEES

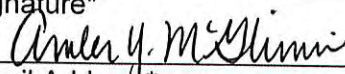
Primary Government Unit	Macon County, NC
Audit Fee	\$ See fee section of engagement letter
<i>Additional Fees Not Included in Audit Fee:</i>	
Fee per Major Program	\$ N/A
Writing Financial Statements	\$ See fee section of engagement letter
All Other Non-Attest Services	\$ N/A
75% Cap for Interim Invoice Approval <i>(not applicable to hospital contracts)</i>	\$ 50,850.00

DPCU FEES (if applicable)

Discretely Presented Component Unit	N/A
Audit Fee	\$
<i>Additional Fees Not Included in Audit Fee:</i>	
Fee per Major Program	\$
Writing Financial Statements	\$
All Other Non-Attest Services	\$
75% Cap for Interim Invoice Approval <i>(not applicable to hospital contracts)</i>	\$

SIGNATURE PAGE

AUDIT FIRM

Audit Firm* Martin Starnes & Associates, CPAs, P.A.	
Authorized Firm Representative (typed or printed)* Amber Y. McGhinnis	Signature* 
Date* 02/01/21	Email Address* amcghinnis@martinstarnes.com

GOVERNMENTAL UNIT

Governmental Unit* Macon County, NC	
Date Primary Government Unit Governing Board Approved Audit Contract* (G.S.159-34(a) or G.S.115C-447(a))	
Mayor/Chairperson (typed or printed)* James Tate, Chairman	Signature*
Date	Email Address jamesptate@aol.com

Chair of Audit Committee (typed or printed, or "NA") N/A	Signature
Date	Email Address

GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

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

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

Primary Governmental Unit Finance Officer* (typed or printed) Lori M. Carpenter, Finance Director	Signature*
Date of Pre-Audit Certificate*	Email Address* lhall@maconnc.org

**SIGNATURE PAGE – DPCU
(complete only if applicable)**

DISCRETELY PRESENTED COMPONENT UNIT

DPCU* N/A	
Date DPCU Governing Board Approved Audit Contract* (Ref: G.S. 159-34(a) or G.S. 115C-447(a))	
DPCU Chairperson (typed or printed)*	Signature*
Date*	Email Address*

Chair of Audit Committee (typed or printed, or "NA") N/A	Signature
Date	Email Address

DPCU – PRE-AUDIT CERTIFICATE

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

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

DPCU Finance Officer (typed or printed)* N/A	Signature*
Date of Pre-Audit Certificate*	Email Address*

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

PRINT



Report on the Firm's System of Quality Control

To the Shareholders of Martin Starnes & Associates CPAs, P.A. and the
Peer Review Committee, North Carolina Association
Of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Martin Starnes & Associates CPAs, P.A. (the firm) in effect for the year ended December 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and an audit of an employee benefit plan.

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Martin Starnes & Associates CPAs, P.A. in effect for the year ended December 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Martin Starnes & Associates CPAs, P.A. has received a peer review rating of *pass*.

Koonce, Wooten & Haywood, LLP

Koonce, Wooten & Haywood, LLP

May 3, 2018

Raleigh
4060 Barrett Drive
Post Office Box 17806
Raleigh, North Carolina 27619
919 782 9265
919 783 8937 FAX

Durham
3500 Westgate Drive
Suite 203
Durham, North Carolina 27707
919 354 2584
919 489 8183 FAX

Pittsboro
10 Sanford Road
Post Office Box 1399
Pittsboro, North Carolina 27312
919 542 6000
919 542 5764 FAX

MARTIN ♦ STARNES

& ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

February 1, 2021

Lori Carpenter, Finance Director
Macon County
5 West Main Street
Franklin, NC 28734

You have requested that we audit the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Macon County, NC, as of June 30, 2021, and for the year then ended, and the related notes, which collectively comprise Macon County's basic financial statements as listed in the table of contents.

In addition, we will audit the entity's compliance over major federal and State award programs for the period ended June 30, 2021. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit and an opinion on compliance regarding the entity's major federal and State award programs.

Accounting principles generally accepted in the United States of America require that certain supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

- Management's Discussion and Analysis
- Law Enforcement Officers' Special Separation Allowance schedules
- Other Post-Employment Benefits' schedules
- Local Government Employees' Retirement System's schedules
- Register of Deeds' Supplemental Pension Fund schedules

Supplementary information other than RSI will accompany Macon County's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and perform certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

- Combining and individual fund financial statements
- Budget and actual schedules
- Supplemental ad valorem tax schedules
- Schedule of Expenditures of Federal and State Awards

Schedule of Expenditures of Federal and State Awards

We will subject the Schedule of Expenditures of Federal and State Awards to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedule to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on whether the Schedule of Expenditures of Federal and State Awards is presented fairly in all material respects in relation to the financial statements as a whole.

The following additional information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information:

- Introductory section
- Statistical tables

Data Collection Form

Prior to the completion of our engagement, we will complete the sections of the Data Collection Form that are our responsibility. The form will summarize our audit findings, amounts and conclusions. It is management's responsibility to submit a reporting package including financial statements, Schedule of Expenditures of Federal and State Awards, summary schedule of prior audit findings and corrective action plan along with the Data Collection Form to the Federal Audit Clearinghouse. The financial reporting package must be text searchable, unencrypted, and unlocked. Otherwise, the reporting package will not be accepted by the Federal Audit Clearinghouse. We will assist you in the electronic submission and certification. You may request from us copies of our report for you to include with the reporting package submitted to pass-through entities.

The Data Collection Form is required to be submitted within the *earlier* of 30 days after receipt of our auditors' reports or nine months after the end of the audit period, unless specifically waived by a federal cognizant or oversight agency for audits. Data Collection Forms submitted untimely are one of the factors in assessing programs at a higher risk.

Audit of the Financial Statements

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and the direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance (whether caused by errors, fraudulent financial reporting, misappropriation of assets, detected abuse, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards* of the Comptroller General of the United States of America. Please note that the determination of abuse is subjective and *Government Auditing Standards* does not require auditors to detect abuse.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Our responsibility as auditors is, of course, limited to the period covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of Macon County's basic financial statements. Our report will be addressed to the governing body of Macon County. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

Audit of Major Program Compliance

Our audit of Macon County's major federal and state award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended; the Uniform Guidance, and the State Single Audit Implementation Act, and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance and the State Single Audit Implementation Act and other procedures we consider necessary to enable us to express such an opinion on major federal and state award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance and the State Single Audit Implementation Act require that we also plan and perform the audit to obtain reasonable assurance about whether the entity has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major federal and state award programs. Our procedures will consist of determining major federal and state programs and performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs. The purpose of those procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance and the State Single Audit Implementation Act.

Also, as required by the Uniform Guidance and the State Single Audit Implementation Act, we will perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the entity's major federal and state award programs. However, our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the entity's major federal and state award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

Management's Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
3. For identifying, in its accounts, all federal and state awards received and expended during the period and the federal and State programs under which they were received, including federal awards and funding increments received prior to December 26, 2014 (if any), and those received in accordance with the Uniform Guidance (generally received after December 26, 2014);
4. For maintaining records that adequately identify the source and application of funds for federal and state funded activities;
5. For preparing the Schedule of Expenditures of Federal and State Awards (including notes and noncash assistance received) in accordance with the Uniform Guidance and State Single Audit Implementation Act;
6. For the design, implementation, and maintenance of internal control over federal and state awards;

7. For establishing and maintaining effective internal control over federal and state awards that provides reasonable assurance that the nonfederal and nonstate entity is managing federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of the federal and state awards;
8. For identifying and ensuring that the entity complies with federal and state statutes, regulations, and the terms and conditions of federal and state award programs and implementing systems designed to achieve compliance with applicable federal and state statutes, regulations and the terms and conditions of federal and state award programs;
9. For disclosing accurately, currently and completely the financial results of each federal and state award in accordance with the requirements of the award;
10. For identifying and providing report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented;
11. For taking prompt action when instances of noncompliance are identified;
12. For addressing the findings and recommendations of auditors, for establishing and maintaining a process to track the status of such findings and recommendations and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
13. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
14. For submitting the reporting package and data collection form to the appropriate parties;
15. For making the auditor aware of any significant contractor relationships where the contractor is responsible for program compliance;
16. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, and relevant to federal and state award programs, such as records, documentation, and other matters;
 - b. Additional information that we may request from management for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
17. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
18. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
19. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
20. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on compliance;
21. For the accuracy and completeness of all information provided;
22. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information; and
23. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

With regard to the supplementary information referred to above (including the Schedule of Expenditures of Federal and State Awards), you acknowledge and understand your responsibility (a) for the preparation of the supplementary information in accordance with the applicable criteria, (b) to provide us with the appropriate written representations regarding supplementary information, (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information, and (d) to present the supplementary information

with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We will perform the following nonattest services:

- Draft of financial statements and footnotes
- GASB 34 conversion entries
- Preparation of auditor portion of Data Collection Form
- Preparation of LGC's data input worksheet

We will not assume management responsibilities on behalf of Macon County. However, we will provide advice and recommendations to assist management of Macon County in performing its responsibilities.

With respect to the nonattest services we perform as listed above, Macon County's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the engagement are as follows:

- We will perform the services in accordance with applicable professional standards.
- This engagement is limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account codings and approving journal entries.

Other

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the basic financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Regarding electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

During the course of the engagement, a portal will be in place for information to be shared, but not stored. Our policy is to terminate access to this portal after one year. The County is responsible for data backup for business continuity and disaster recovery, and our workpaper documentation is not to be used for these purposes.

Provisions of Engagement Administration and Fees

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Marcie Spivey is the engagement partner for the audit services specified in this letter. Her responsibilities include supervising Martin Starnes & Associates, CPAs, P.A.'s services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report. To ensure that our independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

Our fees for these services are as follows:

Audit Fee	\$	57,600
Financial Statement Drafting		10,200
Other Non-Attest Services		-
	\$	<u>67,800</u>

Our invoices for these fees will be rendered in four installments as work progresses and are payable upon presentation. In accordance with our firm policies, work may be suspended if your account becomes overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for non-payment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our reports. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate. Whenever possible, we will attempt to use Macon County's personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit. Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

We want our clients to receive the maximum value for our professional services and to perceive that our fees are reasonable and fair. In working to provide you with such value, we find there are certain circumstances that can cause us to perform work in excess of that contemplated in our fee estimate.

Following are some of the more common reasons for potential supplemental billings:

Changing Laws and Regulations

There are many governmental and rule-making boards that regularly add or change their requirements. Although we attempt to plan our work to anticipate the requirements that will affect our engagement, there are times when this is not possible. We will discuss these situations with you at the earliest possible time in order to make the necessary adjustments and amendments in our engagement.

Incorrect Accounting Methods or Errors in Client Records

We base our fee estimates on the expectation that client accounting records are in order so that our work can be completed using our standard testing and accounting procedures. However, should we find numerous errors, incomplete records, or the application of incorrect accounting methods, we will have to perform additional work to make the corrections and reflect those changes in the financial statements.

Failure to Prepare for the Engagement

In an effort to minimize your fees, we assign you the responsibility for the preparation of schedules and documents needed for the engagement. We also discuss matters such as availability of your key personnel, deadlines, and work space. If your personnel are unable, for whatever reasons, to provide these items as previously agreed upon, it might substantially increase the work we must do to complete the engagement within the scheduled time.

Starting and Stopping Our Work

If we must withdraw our staff because of the condition of the client's records, or the failure to provide agreed upon items within the established timeline for the engagement, we will not be able to perform our work in a timely, efficient manner, as established by our engagement plan. This will result in additional fees, as we must reschedule our personnel and incur additional start-up costs.

Our fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our fees for such services range from \$75-\$300 per hour.

Government Auditing Standards require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

At the conclusion of our audit engagement, we will communicate to management and those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of Martin Starnes & Associates, CPAs, P.A. and constitutes confidential information. However, we may be requested to make certain audit

documentation available to the Local Government Commission, Office of the State Auditor, federal or State agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Martin Starnes & Associates, CPAs, P.A.'s personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm to the Contract to Audit Accounts for your consideration and files.

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements and compliance over major federal and state award programs, including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of Macon County by:

Name: _____

Title: _____

Date: _____

STATE OF NORTH CAROLINA

COUNTY OF MACON

CERTIFICATE OF FINANCE OFFICER:

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

This the ____ day of February, 2021.

Macon County Finance Officer

CERTIFICATE OF FINANCE OFFICER:

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

This the ____ day of February, 2021.

Fontana Regional Library Finance Officer

LEASE AGREEMENT

This LEASE (the "Lease") is made effective as of May 12, 2020, (the Commencement Date) by and between THE HUDSON LIBRARY OF HIGHLANDS, NORTH CAROLINA, INCORPORATED, a North Carolina nonprofit corporation (referred to as "Lessor"), MACON COUNTY, a legal subdivision of the state of North Carolina (referred to as "Lessee"), and FONTANA REGIONAL LIBRARY, INC., a North Carolina non-profit corporation (referred to as "Fontana").

RECITALS:

WHEREAS, Lessor owns certain real property, including the building and other improvements located thereon, in the Town of Highlands, Macon County, North Carolina, described on Exhibit A to this Lease (the Property); and

WHEREAS, Article 14, Chapter 153A of the North Carolina General Statutes authorizes the Lessee to establish, operate, and support a public library system and to appropriate funds to

acquire, lease, equip, operate, and maintain buildings and other structures for a public library system; and

WHEREAS, Fontana is a regional library system established under the authority of North Carolina General Statutes Chapter 153A, Article 14, and North Carolina Administrative Code 07 NCAC 02I to promote and perpetuate library services to the residents of Macon County; and

WHEREAS, Fontana and the Lessee are parties to that certain Regional Agreement dated December 12, 2012 by which Fontana is authorized to operate the Lessee's county libraries and branches; and

WHEREAS, the Regional Agreement, requires the Lessee to rent facilities, and provide utilities, and other operating expenses to Fontana enable it to provide library services in Macon County; and

WHEREAS, the Macon County Library Board has recommended that the Lessee lease a portion of the Property to be occupied by Fontana to operate a public library in the Town of Highlands; and

WHEREAS, by the terms of the Regional Agreement, Fontana will be the occupant of the Leased Premises (as defined in this Lease) operated as "Hudson Library" to provide library services to the public; and

WHEREAS, this Lease is intended to fulfill the Lessee's obligations to Fontana evidenced by the Regional Agreement; and

WHEREAS, Fontana joins in the execution of the Lease for the reasons stated, without liability to the Lessor except, as specifically provided herein.

WITNESSETH:

NOW, THEREFORE, in consideration of the mutual covenants in this Lease to be performed by Lessee, by Fontana, and by Lessor, the Lessor hereby leases to the Lessee, and the Lessee hereby rents the Leased Premises, to be occupied by Fontana, and to enable Fontana to operate a public library in the Town of Highlands, N.C. upon the following terms, provisions, and conditions.

ARTICLE I CORPORATE GOVERNANCE

1.1 So long as this Lease remains in force, two (2) members of Lessor's Board of Trustees shall be appointed by the Lessee as members of the Macon County Library Board of Trustees to represent the interests of the Hudson Library operated by Fontana as a branch of the Macon County public library system.

1.2 Subject only to North Carolina statutory and regulatory requirements applicable to nonprofit corporations, Lessor's management and governance as a North Carolina nonprofit corporation, including all fundraising activities and expenditures, are within the exclusive and independent control of Lessor's Board of Trustees, without oversight or control by Lessee or Fontana; provided, however, to the extent that such management, activities or expenditures impact the function or operation of Fontana, then they shall require the consent of Fontana. Lessee and Fontana acknowledge that Lessor's Board of Trustees is not a "library board of trustees" within the meaning or context of North Carolina General Statute Section 153A-265.

ARTICLE II LEASED PREMISES

2.1 The Leased Premises consist of the Building located on the Property as described on Exhibit A attached hereto and incorporated herein by reference (the "Building"). During the Lease Term, and all Renewal Terms (collectively the Lease Term) the Lessor shall retain the exclusive use of and access to the storage closet in the Building located in the room presently used for display of DVDs and audio books, to store Lessor's business records and supplies. During the Lease Term, Lessor shall have the exclusive use of the Community Room at the rear of the Building from 4:00 PM to 6:30 PM on the second Tuesday of the months of February, April, June, August, October, and December for meetings of Lessor's Board of Trustees and at other times reasonably convenient to Fontana. .

2.2 During the Lease Term, the Lessee and Fontana shall have a non-exclusive right to use the parking lot, driveways, and walkways on the Property for ingress, egress, to the Leased Premises and short-term passenger vehicles parking for visitors to the Hudson Library. Lessor reserves the right to grant third parties permission to use the parking lot, with or without compensation to Lessor, so long as such use does not unreasonably interfere with patrons of the Hudson Library during hours in which the Hudson Library is open to the public. Lessor also reserves the right, from time to time, to reconfigure the parking lot.

2.3 Lessor reserves for itself the full and exclusive possession, use, and control of all garden areas and garden beds on the Property (the "Garden Areas"), all of which are specifically excluded from the Leased Premises. Lessee shall not place structures, improvements, or signage of any kind in the Garden Areas or on the adjacent sidewalks, walkways, or parking lot without Lessor's prior written consent, which consent shall not be unreasonably withheld; provided,

however, the current signage located on the Property that pertains to the Hudson Library is approved, and the parties agree not to make material alteration to the location or content of such without the consent of Fontana.

ARTICLE III TERM OF THE LEASE

3.1 The Lease Term shall commence on May 12, 2020 and terminate at the close of business on January 9, 2023. The Lessee is granted an option to renew this Lease for one successive period of ten (10) years referred to as the “Renewal Term”), provided that Lessee is not in default of any of its obligations under this Lease at the time Lessee exercises its option to renew this Lease, and provided the Lessee exercises this option by giving the Lessor written notice, delivered to the Lessor at least 90 days before the close of business on January 9, 2023. The Term and all Renewal Terms are referred to as the “Lease Term.”

3.2 At all times, the Leased Premises, and the Property shall remain the absolute property of Lessor, free and clear from any right, title, interest, or claim of Lessee except for the Lessee’s and Fontana’s exclusive and limited right under this Lease to use and occupy the Leased Premises as a public library. Upon termination or expiration of this Lease, Lessee and Fontana shall have the right to remove from the Leased Premises the Lessee’s and Fontana’s personal property and equipment, so long as such removal does not damage the Leased Premises. Any damage caused by the removal of Lessee’s or Fontana’s personal property or equipment shall be promptly repaired at the sole cost and expense of the party causing the damage.

ARTICLE IV OWNERSHIP STIPULATIONS

4.1 Lessee and Fontana hereby stipulate and agree that all furniture, library shelving (including end panels and any attachments thereto), the copier presently located in the Building, and all replacements, future additions thereto, and other personal property hereafter purchased or acquired by Lessor are Lessor’s.

4.2 The vintage books from the original Hudson Library collection presently kept in special cabinets in the Building’s adult reading room and all library materials, furnishings, and fixtures purchased or acquired by Hudson Library are owned by the Lessor.

4.3 All print books, audio books, periodicals, and DVDs housed in the Building and purchased or acquired by Fontana shall remain Fontana’s property subject to the terms of the present and future Regional Agreements between Jackson County, Macon County, Swain County and Fontana Regional Library, Inc.

4.4 The public computers and accessory equipment now located in the Building, and all future additions or replacements purchased or acquired by Fontana, shall remain Fontana's property subject to the terms of the present and future Regional Agreements between Jackson County, Macon County, Swain County and Fontana Regional Library, Inc.

4.5 Lessee and Fontana do not have, nor do they assert any right, title, or interest in or to any of the Lessor's personal property, furniture, fixtures, or equipment now or hereafter located in the Building.

4.6 Lessor does not claim or have any right, title or interest in Lessee's or Fontana's personal property now or hereafter located in the Building. In this regard, the Parties hereto stipulate and agree that the furnishings, shelving and equipment listed on Exhibit B which is incorporated herein by reference are owned by Fontana and are subject to the terms of the present and future Regional Agreements between Jackson County, Macon County, Swain County and Fontana Regional Library, Inc.

ARTICLE V RENT

5.1 Lessee shall pay to Lessor a total annual rent of One Dollar (\$1.00), which shall be payable on the first day of the Lease Term and each Renewal Term.

ARTICLE VI TAXES AND ASSESSMENTS

6.1 Because the Lessor is a tax-exempt nonprofit corporation the Property is not subject to ad valorem or other taxation. If the Property should, at any time during the Lease Term, be taxed by a governmental authority, Lessor shall timely pay all property taxes.

6.2 During the Lease Term, in the event of any governmental assessment against the Property (e.g., paving or sidewalk assessment), Lessor shall timely pay such assessment.

ARTICLE VII LIMITATION AND DISCLAIMER OF LIABILITY

7.1 The Lessee and Fontana release and discharge the Lessor, its officers, trustees, and agents, from all liability, responsibility, or obligation of any kind, direct, indirect, or contingent, to Lessee, to Fontana or to their respective trustees, officers, employees, agents, contractors, licensees, guests, or invitees to the Property for personal injury (including death),

property damage, business interruption losses, expenses, or liability for other losses whatsoever caused by or resulting, in whole or in part, from or by reason of any one or more of the following events or occurrences:

- (a) Any failure or malfunction of, or any defects in, any electrical service equipment located on the Property;
- (b) Any failure or malfunction of, or any defects in, any HVAC equipment located on the Property;
- (c) Any failure or malfunction of, or any defects in, any plumbing located on the Property;
- (d) Any water leaks or water penetrations through the roof, walls, or foundation of the Hudson Library Building;
- (e) Any acts of trespass, nuisance, vandalism, or criminal acts of third party or parties.
- (f) Environmental contamination of any kind in the Building or on the Property.
- (g) Any defect in the parking lot or sidewalks on the Property, or the floors or floor coverings within the Building.
- (h) Property damage or personal injury to the Lessee's or Fontana's invitees, guests or licensees on the Property arising from the Lessee's or Fontana's negligence.

7.2 Prior to the execution of this Lease, Lessee and Fontana acknowledge that their representatives have had a full and complete opportunity to inspect and evaluate the Property, and the Leased Premises. Lessee and Fontana accept the Leased Premises "**AS IS**" and "**WITH ALL FAULTS AND DEFECTS;**" and without reliance on any representation or warranty by the Lessor as to the condition of the Property or Leased Premises.

ARTICLE VIII INSURANCE

8.1 Throughout the Lease Term, Lessee or Fontana, as indicated, shall, at its cost and expense, provide and keep in force for the benefit of the Lessor, Lessee, and Fontana (as indicated):

- (a) Fontana shall maintain Commercial General Liability Insurance (1986 ISO Form or its equivalent) with a combined single limit, each Occurrence and General Aggregate limit of at least Two Million Dollars (2,000,000.00), which policy shall insure the Lessor, Lessee, and Fontana against liability arising out of and in connection with the Lessee's and Fontana's use of the Leased Premises and the Property; and
- (b) ISO Special Form Property Insurance on Tenant's and Fontana's Personal Property for full replacement value and with coinsurance waived.
- (c) Neither the Lessee nor Fontana shall have or make, any claim against

Lessor for any loss or damage to the Lessee's and Fontana's personal property, regardless of the cause of the loss or damage unless such loss or damage is the result of the Lessor's negligence or willful misconduct; Lessee and Fontana hereby release the Lessor from all liability for loss or damage to Lessee's or Fontana's personal property unless such claim arises from the Lessor's negligence or willful misconduct.

8.2 The Lessor shall be named as an additional insured in the Fontana's Commercial General Liability Insurance Policy which shall provide primary general liability insurance coverage. Insurance maintained by the Lessor shall be excess insurance only and, if permitted by the insurer, the Lessee's Commercial General Liability policy shall have a waiver of subrogation of claims against the Lessor. The original certificates of insurance and legible copies of the original policies (or binders therefore if the policies have not been prepared) shall be delivered to the Lessor.

8.3 During the Lease Term, the Lessor shall keep in full force and effect, at the Lessor's sole cost and expense, an "all risks" casualty insurance policy insuring the Building and the Lessor's contents against all risks at full replacement cost. The Lessee and Fontana acknowledge that they do not have an insurable interest in the Building, the Lessor's contents, or any claims to the proceeds of the casualty insurance policy.

8.4 The insurance required by this Lease may, at the option of Lessor, Lessee, or Fontana be effected by blanket policies insuring the Lessor, Lessee, or Fontana that include the Leased Premises and Property as well as other properties owned or leased by Lessor, Lessee, or Fontana; provided that the blanket policy coverage complies with the requirements of this Article VIII and allocates to the Leased Premises and Property the specified coverage, without reduction or coinsurance by reason of, or damage to, any other risk or premises named therein. If the insurance required by this Lease shall be affected by blanket or umbrella policies, Lessor, Lessee, or Fontana shall furnish to the other party upon request certified copies or duplicate originals of the policies, with schedules attached showing the amount of casualty or liability insurance or both afforded to the Leased Premises, the Property, and to the Lessor, Lessee, or Fontana.

ARTICLE IX UTILITIES

9.1 Lessor has no obligation to provide utilities or other services to the Leased Premises except propane gas used for the gas logs in the fireplace located in the Building's adult reading room.

9.2 Except for the propane charges in Section 9.1, Lessee shall be solely responsible for the payment of all utility services (including , electricity, water, wastewater, sewer, and trash

pickup) provided to the Property; provided, however, that Fontana shall be solely responsible for the payment of telephone and internet service provided to the Property in connection with its library services at Hudson Library.

9.3 Lessee and Fontana release and discharge the Lessor from all liability, responsibility or obligation of any kind, direct or indirect, caused by interruptions, delays, or outages with respect to utilities providing the Property.

ARTICLE X USE OF HUDSON LIBRARY NAME

10.1 The Lessee and Fontana covenant, stipulate, and agree that Lessor is the sole and exclusive owner of the name "Hudson Library"; the Lessor has all statutory and common law rights to the use thereof except as otherwise stated in this Lease.

10.2 During the Lease Term, Lessee and Fontana shall have a limited license to use the name "Hudson Library" for the sole and limited purpose of identifying the public library operated by Fontana in the Leased Premises. The Lessor shall have the exclusive right to use the name "Hudson Library" for any and all other purposes, including, but not limited to fundraising. Notwithstanding the foregoing, and for purposes of clarification not limitation, Fontana shall be permitted to continue use of the name "Hudson Library" as a means of reference to its function as a constituent library within the service area and mission of Fontana.

ARTICLE XI TITLE, CONDITION AND USE OF PREMISES

11.1 Use-Compliance with laws and Ordinances.

(a) Lessor covenants that Lessor is seized of and has the right to lease the Leased Premises and warrants and agrees to defend the title thereto and to reimburse and hold Lessee and Fontana harmless from any loss by reason of any defect in Lessor's title to the Property.

(b) Except for the Lessee's leasehold interest created by this Lease neither the Lessee nor Fontana have any other estate, right, title, interest, lien, or claim, legal or equitable, in or to the Leased Premises, or the Property.

(c) Lessee and Fontana may not use the Leased Premises for any purpose other than a public library. Lessee and Fontana will not make any unlawful or offensive use of the Leased Premises and will comply with all applicable laws, ordinances, and regulations of duly constituted governmental authorities. Lessor recognizes that Fontana has in place existing polices and procedures that are intended to protect against

“offensive” content within the library context, and this provision is not intended to supplant or replace those policies or procedures.

(d) Lessee and Fontana shall have the right and privilege at any time during the term of this Lease to make, at its expense, such minor changes, improvements and alterations to the Leased Premises as the Lessee or Fontana may desire, provided, however, that Lessee and Fontana shall not make any material or structural changes to the Leased Premises without the prior written consent of Lessor.

(e) Lessee and Fontana shall have the peaceful and quiet use and enjoyment of the Leased Premises solely for the purpose of operating a public library, in accordance with this Lease and the Regional Agreement.

(f) Lessee agrees, upon the termination of the Lease Term, to deliver the Leased Premises to the Lessor in as good order and condition as the same were on the Commencement Date, reasonable wear and tear excepted, and free from all claims against Lessee and Fontana.

(g) Lessee, to the extent allowed by North Carolina Law and the Constitution of the State of North Carolina, and Fontana covenant and agree to indemnify and hold Lessor harmless from and against any and all claims, damages, losses, liabilities, lawsuits, costs, and expenses (including reasonable attorneys' fees) arising out of or related to (i) any activity, work, services, or other thing done, permitted or suffered by Lessee or Fontana in or about the Leased Premises or Property after the Commencement Date (ii) any breach or default by Lessee or Fontana in the performance of their obligations under this Lease, or (iii) any negligent act of Lessee or Fontana, or any officer, agent, employee, contractor, servant, invitee or guest of Lessee or Fontana. This indemnity shall apply to all claims for personal injury and property damage suffered by Lessor or its officers, agents, employees, contractors, servants, invitees or guests except for the claims or losses caused by the Lessor's negligence or willful misconduct.

(h) Lessor covenants and agrees to indemnify and hold Lessee and Fontana harmless from and against any and all claims, damages, losses, liabilities, lawsuits, costs and expenses (including attorneys' fees arising out of or related to (i) any activity, work, or other thing done, permitted or suffered by Lessor on or about the Leased Premises, or Property after the Commencement Date (ii) any breach or default by Lessor in the performance of any of its obligations under this Lease, or (iii) any negligent act of Lessor, or any officer, agent, employee, contractor, servant, invitee or guest of Lessor. This indemnity shall apply to claims for property loss or damage to Lessee, Fontana or their officers, agents, employees, contractors, servants, invitees, or guests unless such claim or losses is caused by the negligence or willful misconduct of Lessee or Fontana.

(i) Nothing in this provision shall be construed as a waiver of the Lessee's immunity under the law.

11.2 Maintenance. Replacement and Repair of Leased Premises.

Lessee shall at its expense keep and maintain the Leased Premises in good order, condition, and repair consistent with the Building's age, construction quality, use, size, and appearance. The Lessee's maintenance shall include the exterior and interior walls, roof, structure, doors, plate glass, parking lot, and all plumbing, HVAC systems, electrical and sewage facilities within the Leased Premises. Lessee shall at its expense keep and maintain in good order, condition, and repair all exterior lighting located on the Property (including all exterior lighting located in the garden and parking areas on the Property). Lessee shall provide pest control and trash removal for the Building; Fontana shall provide janitorial services for the Building from monies appropriated to it by Lessee through Lessee's budget and in accordance with the terms of the present and future Regional Agreements between Jackson County, Macon County, Swain County and Fontana Regional Library, Inc. In the event Lessee fails to make repairs or perform its maintenance obligations, Lessor may, at its option, but need not, make the same after reasonable notice to Lessee and Fontana, and their failure or refusal to address same. Lessee agrees to pay Lessor as additional rent, the reasonable cost thereof promptly upon Lessor's demand.

**ARTICLE XII
DESTRUCTION**

12.1 Fire. Damage and Restoration of Leased Premises.

In the event that the Building shall be completely or substantially destroyed by fire or other casualty, not occasioned by the act or neglect of Lessee, that renders the Leased Premises reasonably unusable by Lessee for longer than ten (10) business days, Lessor or Lessee shall have the right to terminate this Lease. If the Lessor does not exercise its option to terminate, Lessor shall, as soon as reasonably possible under the circumstances, make repairs or reconstruct the Building. In the event of reconstruction, (a) Lessor may make reasonable changes that improve the design of the Building to enhance its use, efficiency, and functionality as a public library;(b) Lessor shall select the architect and contractor to design and reconstruct the Building and (c) unless this Lease is terminated by the Lessor or Lessee, all terms and conditions of this Lease shall remain in full force and effect.

**ARTICLE XIII
DEFAULT**

13.1 Default by Lessee.

Any of the following events shall constitute an Event of Default:

- (a) If Lessee or Fontana fail to perform and comply with any or all conditions of this Lease Agreement, after notice and opportunity to cure as hereafter provided;
- (b) If Lessee or Fontana vacate or abandon the Leased Premises; or

(c) If the interest of Lessee or Fontana is transferred, levied upon, or assigned to any other person, firm or corporation whether voluntarily or involuntarily except as herein permitted.

13.2 Lessor's Remedies:

In any of such events, Lessor shall have the option to do any one (or more, if not inconsistent) of the following in addition to and not in limitation of any other remedy permitted by law or by this Lease:

(i) Terminate this Lease, in which event Lessee and Fontana shall immediately surrender the Leased Premises to Lessor.

(ii) To make any payment required of Lessee herein or correct any condition required to be corrected by Lessee, and Lessor shall have the right to enter the Leased Premises for the purpose of correcting any such condition and to remain on the Leased Premises until the complete correction of such condition. However, no expenditure by Lessor on behalf of Lessee shall be deemed to waive or release Lessee's breach hereof and Lessor shall retain all rights to proceed against Lessee as set forth herein.

(iii) All other rights and remedies provided by law for a lessor when a lessee defaults, including all such money damages as Lessor shall be entitled to by law. To exercise any remedy under this Article. Lessor may enter the Leased Premises and expel Lessee and Fontana therefrom.

The exercise by Lessor of any one or more of the remedies provided in this Lease shall not prevent the subsequent exercise by Lessor of any one or more of the other remedies herein provided. All remedies provided for in this Lease are cumulative and may, at the election of Lessor, be exercised alternatively, successively, or in any other manner and are in addition to all other rights provided by law.

13.3 Holding Over.

In the event Lessee or Fontana remains in possession after expiration of the Lease Term without the execution of a new lease, Lessee or Fontana shall not acquire any right, title or interest in or to the Leased Premises; and, in such event, Lessee and Fontana shall occupy the Leased Premises as a tenant from month to month and shall otherwise be subject to all of the conditions, provisions and obligations of this Lease insofar as the same shall be applicable.

13.4 Effect of Waiver or Performance.

No waiver of any breach by Lessee or Fontana of any of the Lessee's obligations, agreements or covenants hereunder shall be a waiver of any subsequent breach or of any other obligation, agreement or covenant, nor shall any forbearance by Lessor to seek a remedy for any breach by Lessee or Fontana be a waiver of the Lessor's rights and remedies with respect to that or any subsequent breach.

**ARTICLE XIV
MISCELLANEOUS**

14.1 Inspections.

The Lessor has the right (but not the obligation) to enter the Building at all reasonable hours to inspect the Building, to make repairs, additions or alterations as Lessor may deem necessary for the safety, comfort or preservation of the Building. During the last ninety (90) day period of the Lease Term, Lessor may exhibit the Leased Premises to prospective tenants, mortgagees or purchasers, and remove placards, signs, fixtures, alterations or additions which do not conform to this Lease or local ordinances. No such entry shall constitute actual or constructive eviction.

14.2 Notices

Any notices provided for herein shall be given by Registered or Certified Mail, addressed to Lessor, as follows:

The Hudson Library of Highlands, North Carolina, Incorporated
Attn: President of the Board of Trustees
554 Main Street
PO Box 430
Highlands, North Carolina 28741

And to Lessee, as follows:

County of Macon
Attn: County Manager
5 West Main Street
Franklin, NC 28734

As to Fontana: Regional Director, Fontana Regional Library, Inc.
33 Fryemont Street.
Bryson City, North Carolina 28713

The persons and places to which notices are to be mailed may be changed from time to time by Lessor, Lessee, or Fontana upon written notice of the other parties.

14.3 Descriptive Headings.

The descriptive headings of this Lease are inserted for reference only and do not constitute a part of this Lease.

14.4 Severability Clause.

If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws effective during the Lease Term, then, and in that event, it is the intention of the Parties (i) that the remainder of this Lease shall not be affected thereby, and (ii) that in lieu of

each clause or provision of this Lease that is illegal, invalid or unenforceable, there shall be added as a part of this Lease a clause or provision as similar in terms that is legal, valid and enforceable.

14.5 Notice and Right to Cure.

Each party shall give to all other parties written notice of any alleged default, specifying the nature of the default and allowing the allegedly defaulting party 30 days after receipt of such notice to cure the default or a reasonable period of time in addition thereto if circumstances are such that the default cannot reasonably be cured within said 30 day period. Lessee does not have a right of offset or right to terminate this Lease.

14.6 Lessor's Liability.

Notwithstanding anything to the contrary contained herein, in the event of any breach hereof by Lessor or failure of Lessor to perform any of its obligations hereunder, Lessor shall have no personal liability for such matters but Lessee shall look solely to Lessor's interest in the Leased Premises for satisfaction. Lessor shall, upon any sale of its interest in the Leased Premises, be relieved of further performance hereunder. Lessee agrees to attorn to any successor to the Lessor.

14.7 Successors in Interest.

This Lease shall be binding on and shall inure to the benefit of the Parties and their respective heirs, personal representatives, successors and assigns.

14.8 Entire Agreement.

This Lease contains the entire agreement of the Parties and no representations, inducements, promises or agreements, verbal or otherwise, between the parties not stated in this Lease shall have any force or effect. No failure of Lessor to exercise any power given Lessor hereunder, or to insist upon strict compliance by Lessee or any obligation hereunder, and no custom or practice of the Parties at variance with the terms hereof shall constitute a waiver of the Parties' right to demand exact compliance with the terms of this Lease.

14.9 Controlling law.

This Lease is entered into in North Carolina and shall be enforced and construed in accordance with the North Carolina statutes, ordinances and applicable common law.

14.10 In the event of any conflict between the terms of this Lease and the Regional Agreement, the Lease shall govern the rights, duties, and obligations of the Parties.

14.11 Time is of the essence of this Lease with respect to all time periods and deadlines in this Lease.

SECTION XV ENVIRONMENTAL MATTERS

15.1 Lessor represents and warrants that to the best of its knowledge as of the Commencement Date, that the Leased Premises are in compliance with all Environmental Laws. Lessor shall not (either with or without negligence) cause or knowingly permit the escape, disposal or release of any biologically active or other hazardous substances, or materials within the Leased Premises.

15.2 Lessee covenants and agrees that it will keep and maintain the Leased Premises at all times in compliance with Environmental Laws. Lessee shall not (either with or without negligence) cause or permit the escape, disposal or release of any biologically active or other hazardous substances, or materials on the Premises.

15.3 Each Party shall hold the other free, harmless, and indemnified from any penalty, fine, claim, demand, liability, cost, or charge whatsoever which the other party shall incur, or which the other party would otherwise incur, by reason of such party's failure to comply with their obligations in this Section XV, including but not limited to:

(i) the cost of full remediation of any contamination to bring the Leased Premises into the same condition as prior to the Commencement Date and into full compliance with all Environmental Laws; (ii) the reasonable cost of all appropriate tests and examinations of the Leased Premises to confirm that the Leased Premises and any other contaminated areas at the Property have been remediated and brought into compliance with all Environmental Laws; and (iii) the reasonable fees and expenses of the other party's attorneys, engineers, and consultants incurred by such party in enforcing and confirming compliance with the Parties' obligations, as applicable.

15.5 Notwithstanding anything to the contrary contained in this Lease, Lessee's environmental responsibilities shall not apply to any condition or matter constituting a violation of any Environmental Laws to the extent such violation (i) arose or is attributable to actions or conditions in existence prior to the Commencement Date, or (ii) is caused by, or results from the acts or neglects of Lessor or Lessor's agents, employees, officers, partners, contractors, guests, invitees or any other party not within Lessee's control.

15.6 All representations, warranties, covenants and indemnities in this Article XV shall remain binding on the Parties after the expiration or earlier termination of this Lease.

SECTION XVI MISCELLANEOUS PROVISIONS

16.1 Nothing in this Lease shall be deemed or construed as creating the relationship of principal and agent or of partnership or joint venture among the Parties. The relationship among the Parties shall be that of Lessor and Lessee.

16.2 All employees, contractors, consultants, professionals and providers relating to the Lessee's and Fontana's use of the Leased Premises shall be deemed to be employees or contractors of the Lessee or Fontana and not of Lessor.

16.3 Lessee and Fontana acknowledge that this Lease and their rights hereunder are subordinate to the lien of any deed of trust executed by Lessor charged against the Property, or any portion or portions thereof, and Lessee and Fontana shall execute at any time and from time-to-time such documents as may be reasonably required to confirm this subordination; provided, however, that Lessee and Fontana shall not be required to confirm the subordination of its leasehold interest in the Leased Premises unless the mortgagee named in a deed of trust shall first enter into a subordination, non-disturbance and attornment agreement (a “Non-Disturbance Agreement”), which shall include the following: so long as Lessee or Fontana shall not be in default or any provision of this Lease after receipt of written notice and expiration of the applicable cure period; (i) Lessee and Fontana shall be not joined as a defendant in any proceeding which may be instituted to foreclose or enforce the deed of trust; (ii) Lessee’s and Fontana’s possession and use of the Leased Premises in accordance with this Lease shall not be affected or disturbed by reason of the subordination of this Lease to, or the Lessor’s default, under the deed of trust; and (iii) the mortgagee will subordinate and subject its rights, if any, to any portion of the insurance proceeds otherwise payable to the Lessor when and to the extent necessary for Lessor to comply with its obligations of repair and restoration hereunder.

16.4 This Lease Agreement, or a Memorandum thereof, at the election of the Lessee may be recorded in the Office of the Register of Deeds for Macon County.

16.5 E-VERIFY. Lessor, Fontana and Lessee shall comply with the requirements of Article 2 of Chapter 64 of the General Statutes. Further, if Lessor, Fontana or Lessee utilizes a subcontractor, then Lessor, Fontana or Lessee, as appropriate shall require the subcontractor to comply with the requirements of Article 2 of Chapter 64 of the General Statutes.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Lessor, Lessee and Fontana have executed this Lease in duplicate originals, all by authority respectively duly given, as of the date and year first above written.

<p>LESSOR: THE HUDSON LIBRARY OF HIGHLANDS, NORTH CAROLINA, INCORPORATED, a North Carolina Nonprofit Corporation,</p> <p>By: _____ President</p> <p>Attest: _____ Secretary</p> <p>(Corporate Seal)</p>	<p>LESSEE: MACON COUNTY, a legal subdivision of the State of North Carolina, North Carolina</p> <p>By: _____ (SEAL) Chairman Macon County Board of Commissioners</p> <p>Attest: _____ Clerk, Macon County, N.C. Board of Commissioners</p> <p>(County Seal)</p>
--	--

FONTANA REGIONAL LIBRARY, INC.

By: _____
as its Chairman, Board of Trustees

Attest: _____
Secretary

(Corporate Seal)

**STATE OF NORTH CAROLINA
MACON COUNTY**

I, _____, a Notary Public, of _____ County, North Carolina, do hereby certify that _____ and _____, personally appeared before me this day and acknowledged that they are the President of Hudson Library of Highlands North Carolina, Incorporated and its Secretary and that by authority duly given and as the act of The Hudson Library of Highlands North Carolina, the foregoing instrument was signed by such President of The Hudson Library of Highlands North Carolina, sealed with its corporate seal and attested by such Secretary of The Hudson Library of Highlands North Carolina.

WITNESS my hand and official seal, this the ____ day of _____, 2021.

Official Signature of Notary

Notary Public's printed name

My Commission expires: _____

**STATE OF NORTH CAROLINA
MACON COUNTY**

I, _____, a Notary Public, of _____ County, North Carolina, do hereby certify that _____ and _____, personally appeared before me this day and acknowledged that they are the Chairman and Clerk of the Macon County Board of Commissioners and that by authority duly granted and as the act of Macon County, North Carolina, the foregoing instrument was signed by the Chairman of the Macon County Board of Commissioners, sealed with its corporate seal and attested by the Clerk to the Macon County Board of Commissioners.

WITNESS my hand and official seal, this the ____ day of _____, 2021.

Official Signature of Notary

Notary Public's printed name

My Commission expires: _____

**STATE OF NORTH CAROLINA
MACON COUNTY**

I, _____, a Notary Public, of _____ County, North Carolina, do hereby certify that _____ and _____, personally appeared before me this day and acknowledged that he (she) are the authorized representatives of the Fontana Regional Library Inc., and that by authority duly given to them the foregoing instrument was signed by its Chairman, Board of Trustees, sealed with its corporate seal and attested by its secretary.

WITNESS my hand and official seal, this the ____ day of _____, 2021

Official Signature of Notary

Notary Public's printed name
My Commission expires: _____

EXHIBIT "A"
Legal Description to Follow

BEGINNING at a locust post set in the North margin of Main Street in the Town of Highlands, North Carolina, said point being located South 79 degrees 24 minutes East 201.23 feet from the Northeast corner of Main and Fifth Streets; runs thence with the North line of Main Street, South 79 degrees 24 minutes East 125 feet to an iron pipe; thence with a divisional line North 24 degrees 34 minutes East 393.91 feet to an iron pipe; thence North 74 degrees 23 minutes West 122.06 feet to an iron pipe; thence South 24 degrees 34 minutes West 405 feet to the BEGINNING, containing 1.1 acres more or less and being described herein according to a survey and drawing by Charlie W. McDowell, dated December 20, 1982.

Also more fully described in Deed Book G-15, Page 163 of the Macon County, North Carolina Register of Deeds.

EXHIBIT "B"
Furnishings, Shelving and Equipment owned by Fontana Regional Library

**Macon County
Voluntary Shared Leave Program**

Administering Office: Human Resources

Any employee may donate leave to an employee who has been approved to receive voluntary shared leave because of a medical condition of the employee or of a member of the employee's immediate family that will require the employee's absence from work for a prolonged period of time.

The following provisions govern the scope and operations of the voluntary shared leave program for Macon County employees.

A. PURPOSE

To permit voluntary sharing of vacation or sick leave among county employees for the benefit of employees who exhaust all their earned leave due to serious and prolonged medical conditions. ~~An immediate family member may donate annual or sick leave to another immediate family member. A non-family member may donate only annual leave to another employee.~~ **An employee may donate annual or sick leave to another employee.**

B. SCOPE

This policy applies to all county employees in leave-earning positions, both subject to and exempt from the State Personnel Act.

C. POLICY

In case of a serious and prolonged medical condition, an employee may apply or be nominated to become a recipient of leave transferred from other employees.

The intent of this policy is to allow one employee to assist another who is experiencing a serious, prolonged medical condition. The policy is not intended to apply to incidental, routine, or short-term medical conditions.

Eligibility for participation depends upon there being a medical condition which will cause an employee to be absent from work for a prolonged period of time (typically 20 consecutive workdays); the absence will be the result either of personal illness or of caring for an immediate family member; and the employee will incur substantial loss of income due to limited accumulation in his/her leave account.

The use of vacation or sick leave on a shared basis for any purpose other than that specified by this policy is prohibited.

Establishment of a leave "bank" for use by unspecified employees is prohibited.

An employee may not directly or indirectly intimidate, threaten, or coerce any other employee for the purpose of interfering with any right which the latter may have with respect to donating, receiving, or using vacation or sick leave under this program. Such action by an employee shall be grounds for disciplinary action up to and including dismissal on the basis of detrimental personal conduct. Individual leave records are confidential, and only individual employees may reveal their transfer or receipt of leave. The donor is not permitted to receive remuneration for the leave transferred.

An eligible employee may apply or be nominated by a fellow employee for participation in the

program. The non-relative employee donor will not be allowed to transfer annual leave when the result of such transfer will exhaust that employee's annual leave to less than 40 hours. The Human Resource Director and the County Manager will approve or disapprove participation by employees from their respective departments.

Participation in the shared leave program, either as donor or recipient, is subject to limitations with respect to eligibility, minimum and maximum transfers, type of leave transferred, verification of medical condition, and disposition of unused leave, among others. These requirements, as well as procedures and forms for the shared leave program, are available upon request at the Macon County Human Resources Office.

BOC Approved – 11.13.12

MACON COUNTY BOARD OF COMMISSIONERS

AGENDA ITEM

CATEGORY – CONSENT AGENDA

MEETING DATE: February 9, 2021

Item 12A. Minutes from the December 15, 2020 special meeting and the January 12, 2021 regular meeting are attached for your review and approval. (Mike Decker)

Item 12B. Budget Amendments #150-159 are attached for your review and approval. (Lori Carpenter)

Item 12C. Information regarding tax releases for the month of January will either (a) be provided at the meeting or (b) emailed to you directly from Teresa McDowell.

Item 12D. Please see the attached request for a refund of excise tax by Daniel Rohe, along with a corresponding email and supporting documentation from Register of Deeds Todd Raby.

Item 12E. Carrie Pazcoguin with Macon County Public Health has requested additions to the department's fee plan. An excerpt from an email from her is as follows:

On 1/26/2021, the Board of Health approved the following fees to be added to our fee plan. Could you please add these to the agenda for the next BOCC?

COVID 19 Vaccine Admin

CPT: 0011A (1ST Dose) -\$14.00

CPT: 0012A (2nd Dose) - \$14.00

**These additions need to be retroactive (as of 12/29/2020) so we can capture the ones we've already administered. (BOH approved as such)

Item 12D. As with tax release information, the monthly ad valorem tax report will either (a) be delivered at the meeting or (b) emailed directly from Teresa McDowell.

MACON COUNTY BUDGET

AMENDMENT # 154

FROM: John L Fay

DEPARTMENT: HOUSING

EXPLANATION: RECEIVE ADDITIONAL FUNDING

ACCOUNT		DESCRIPTION	LINE ITEM	
ORG	ITEM	WEATHERIZATION HARRP 20	INCREASE	DECREASE
513831	447268	REVENUE	26,000	
515911	550001	SALARY	2,492	
515911	550201	MEDICARE/FICA	191	
515911	550203	HOSPITALIZATION	652	
515911	550206	LIFE INSURANCE	5	
515911	550207	RETIREMENT-GENERAL	255	
515911	550701	COUNTY 401K	50	
515911	556034	WAP PROGRAM OPERATIONS	22,355	

REQUESTED BY DEPARTMENT HEAD John Fay

RECOMMENDED BY FINANCE OFFICER *[Signature]*

APPROVED BY COUNTY MANAGER _____

ACTION BY BOARD OF COMMISSIONERS 2/9/2021

APPROVED AND ENTERED ON MINUTES DATED _____

CLERK _____

MACON COUNTY BUDGET

AMENDMENT # 155

FROM: JOHN L FAY

DEPARTMENT: HOUSING

EXPLANATION: RECEIVE ADDITIONAL FUNDING

ACCOUNT		DESCRIPTION	LINE ITEM	
ORG	ITEM		INCREASE	DECREASE
515909		WEATHERIZATION DOE 2020		
515909	550001	SALARY	36,880	
515909	550201	MEDICARE/FICA	2,828	
515909	550203	HOSPITALIZATION	11,122	
515909	550206	LIFE INSURANCE	69	
515909	550207	RETIREMENT-GENERAL	3,786	
515909	550701	COUNTY 401K	740	
515909	556030	WAP TRAINING & TE	17,778	
515909	556034	WAP PROGRAM OPERATIONS	48,020	
515909	556035	WAP HEALTH & SAFETY	14,165	
<u>513831</u>	<u>447266</u>	<u>WX DOE 2021 #8217</u>	<u>135,388</u>	
Total			135,388	

REQUESTED BY DEPARTMENT HEAD

RECOMMENDED BY FINANCE OFFICER

APPROVED BY COUNTY MANAGER

ACTION BY BOARD OF COMMISSIONERS

APPROVED AND ENTERED ON MINUTES DATED

CLERK

[Handwritten Signature]
[Handwritten Signature]

2/9/2021

Macon County Commissioners
Att: Pam Ledford

Miss Ledford,

My name is Daniel Rohe and I am a Managing Member of Freedom Lots, LLC. I am writing to request a refund for the taxes paid by my company, Freedom Lots, to Macon county, in the amount of \$9,000. The excise tax amount was mistakenly written on the deed recorded in Book: **CRP N-40, Page: 2079-2081**. The correct amount of excise tax is \$18.00 and a corrective deed was recorded with the county to reflect this. The deeds were electronically recorded through Simplifile. I was instructed to write you this request by Jana Smith, Assistant ROD- Macon county.

A refund can be made payable to:

Freedom Lots, LLC.
101 Market Side Avenue, Suite 404-264
Ponte Vedra, FL. 32081

Should you have any questions or concerns, please feel free to contact me at (845)234-6447 or danny@freedomlots.com.

Your assistance is greatly appreciated.

Respectfully,



Daniel Rohe
Managing Member, Freedom Lots, LLC.

Witness: Patrick Brooks

STATE OF Georgia
COUNTY OF Forsyth ss:

I HEREBY CERTIFY that on this day, before me, an officer duly authorized to administer oaths and take acknowledgments, personally appeared Daniel Rohe, known to me to be the person(s) described in and who executed the foregoing instrument, who acknowledged before me that he/she executed the same, that relied upon the following form(s) of identification of the above-named person(s): Daniel Rohe and that an oath was/was not taken.

WITNESS my hand and official seal in the State and County last aforesaid this 19 day of January, 2021.



Notary Public
Signature of person taking acknowledgment

Notary Public
Title (and Rank)

My commission expires Oct 18, 2022

Mike Decker

From: Todd Raby <traby@maconnc.org>
Sent: Monday, February 01, 2021 4:27 PM
To: Mike Decker
Cc: Derek Roland; Jana Smith
Subject: Feb 9 Agenda Item from Register of Deeds
Attachments: REFUND \$9000.pdf

Mike,

Subject Line: Agenda Item for February 9 Commissioners Meeting

Good Afternoon

Mike the refund for \$9000 needs to be on the agenda for the upcoming meeting which you should have received a letter. NC G.S. 105-228.37 explains how refunds and corrections need to be handled. It was explained to Mr. Rohe what would have to take place for the refund to be given. I have attached the copy of the statute, the original recording and the corrective deed. If you need any more information please let me know.

Todd Raby
Macon County Register of Deeds

§ 105-228.37. Refund of overpayment of tax.

(a) **Refund Request.** – A taxpayer who pays more tax than is due under this Article may request a refund of the overpayment by filing a written request for a refund with the board of county commissioners of the county where the tax was paid. The request must be filed within six months after the date the tax was paid and must explain why the taxpayer believes a refund is due.

(b) **Hearing by County.** – A board of county commissioners must conduct a hearing on a request for refund. Within 60 days after a timely request for a refund has been filed and at least 10 days before the date set for the hearing, the board must notify the taxpayer in writing of the time and place at which the hearing will be conducted. The date set for the hearing must be within 90 days after the timely request for a hearing was filed or at a later date mutually agreed upon by the taxpayer and the board. The board must make a decision on the requested refund within 90 days after conducting a hearing under this subsection.

(c) **Process if Refund Granted.** – If the board of commissioners decides that a refund is due, it must refund the overpayment, together with any applicable interest, to the taxpayer and inform the Department of the refund. The Department may assess the taxpayer for the amount of the refund in accordance with G.S. 105-241.9 if the Department disagrees with the board's decision.

(d) **Process if Refund Denied.** – If the board of commissioners finds that no refund is due, the written decision of the board must inform the taxpayer that the taxpayer may request a departmental review of the denial of the refund in accordance with the procedures set out in G.S. 105-241.11.

(e) **Recording Correct Deed.** – Before a tax is refunded, the taxpayer must record a new instrument reflecting the correct amount of tax due. If no tax is due because an instrument was recorded in the wrong county, then the taxpayer must record a document stating that no tax was owed because the instrument being corrected was recorded in the wrong county. The taxpayer must include in the document the names of the grantors and grantees and the deed book and page number of the instrument being corrected.

When a taxpayer records a corrected instrument, the taxpayer must inform the register of deeds that the instrument being recorded is a correcting instrument. The taxpayer must give the register of deeds a copy of the decision granting the refund that shows the correct amount of tax due. The correcting instrument must include the deed book and page number of the instrument being corrected. The register of deeds must notify the county finance officer and the Secretary when the correcting instrument has been recorded.

(f) **Interest.** – An overpayment of tax bears interest at the rate established in G.S. 105-241.21 from the date that interest begins to accrue. Interest begins to accrue on an overpayment 30 days after the request for a refund is filed by the taxpayer with the board of county commissioners. (2000-170, s. 2; 2007-491, s. 24; 2011-330, s. 30(a).)

BK: CRP N-40
PG: 2079 - 2081
RECORDED:
01/11/2021
01:01:12 PM
ASSISTANT
BY: JANA SMITH

2021000218
MACON COUNTY, NC
TODD RABY
REGISTER OF DEEDS

NC FEE \$26.00
STATE OF NC
REAL ESTATE
EXTX \$9000.00

When Recorded Return To: WGLands LLC
P.O. Box 1084 Highland Park, IL 60035



This Instrument Prepared By: Daniel Rohe
5125 Wilshire Crossing, Cumming, GA 30040

MR
MACON COUNTY
01-11-2021 12:42:20 LS
TAX COLLECTOR'S OFFICE

Property Control No: 7517279082 & 7517360743

EXCISE TAX \$9000.00

SPECIAL WARRANTY DEED

Made the 29th day of December 2020, by Sanju Varghese EPSP 401k, whose post office address is 3510 Aston Street Annandale, VA 22003, hereinafter called the grantor, to WGLands LLC, An Illinois Limited Liability Company, whose post office address is P.O. Box 1084 Highland Park, IL 60035 hereinafter called the grantee.

(Wherever used herein the terms "grantor" and "grantees" include all the parties to this instrument and the heirs, legal representatives and assigns of individuals, and the successors and assigns of corporations)

WITNESSETH, That the said Grantor, for and in consideration of the sum of Ten Dollars (\$10.00), in hand paid by the said Grantee, the receipt whereof is hereby acknowledged, does hereby grants, bargains, and sells unto the Grantee, and Grantee's successors, heirs, and assigns forever, all the right, title, interest, claim and demand which the said Grantor has in and to the following described lot, piece or parcel of land, situate, lying and being in the County of Macon, State of North Carolina, to wit:

See Legal Description Attached as Exhibit A

TOGETHER with all the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining.

TO HAVE AND TO HOLD, the same in fee simple forever.

AND the grantor hereby covenants with said grantee that the grantor is lawfully seized of said land in fee simple; that the grantor has good right and lawful authority to sell and convey said land; that the grantor hereby fully warrants the title to said land and will defend the same against the lawful claims of all persons claiming by, through or under grantor.

IN WITNESS, WHEREOF, the said first party has signed and sealed these presents the day and year first above written Signed, sealed and delivered in the presence of:

Grantor Signature(s):

DATED: 12/29/2020

Sanju Varghese, Trustee Sanju Varghese EPSP 401k
3510 Aston Street Annandale, VA 22003

Submitted electronically by "ROTAC LLC"
in compliance with North Carolina statutes governing recordable documents
and the terms of the submitter agreement with the Macon County Register of Deeds.

[Handwritten Signature]

Witness Signature:

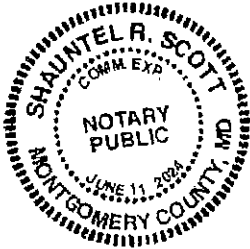
[Handwritten Signature]

Witness Signature:

STATE OF Maryland
COUNTY OF Montgomery

I HEREBY CERTIFY that on this day, before me, an officer duly authorized to administer oaths and take acknowledgments, personally appeared Sanju Varghese, known to me to be the person(s) described in and who executed the foregoing instrument, who acknowledged before me that he/she executed the same, that I relied upon the following form(s) of identification of the above-named person(s): AU5902155 exp. 9/8/25 Virginia Driver's License and that an oath was/was not taken.

WITNESS my hand and official seal in the State and County last aforesaid this 29th day of December, 2020.



[Handwritten Signature]

Notary Public

Signature of person taking acknowledgment

[Handwritten Title]

Title (and Rank)

My commission expires June 11, 2024

EXHIBIT A

Parcel One - Lot 360 Section 11

Being the same lands, easements, privileges and appurtenances as described in and conveyed by that deed dated March 15, 2017, from Terry L. Nottage, unmarried widow of Anthony F. Nottage to Robert Dodd, a single man, as recorded in Deed Book W-37, Pages 50-51, in the Macon County Land Registry, North Carolina, being more particularly described as follows:

Being the same lands, easements, privileges and appurtenances as described in and conveyed by that deed from Watauga Vista, Inc. to Anthony F. Nottage and wife, Terry L. Nottage, dated 30 January 1987 and recorded in Deed Book F-17, Page 446, Macon County Land Registry, and being more particularly described therein as follows:

BEING LOT NUMBER 360 SECTION 11, of Watauga Vista, Inc., mapped and surveyed, dated July 1969, by Bib Swan, Registered Land Surveyor, as recorded in the Office of the Register of Deeds, Macon County, North Carolina, in Plat Cabinet 1, Slide 65, Page 4. Reference is hereby made to said plat and record for a more complete and accurate description of the property hereby conveyed.

THIS CONVEYANCE IS MADE SUBJECT TO the covenants and conditions of Watauga Vista, Inc., as recorded in the Office of the Register of Deeds, Macon County, North Carolina in Book E-7, Page 124 and amendments to restrictions recorded in the Office of the Register of Deeds Macon County, North Carolina as follows: Book H-7, Page 273; Book P-7, Page 41; Book T-7, Page 366; Book V-7, Page 300; Book Z-7, Page 145; Book C-8, Page 195; Book F-8, Page 284; Book O-8, Page 254; Book R-8, Page 6; Book Y-8, Page 249; Book D-9, Page 173 and Book C-12, Page 25.

Parcel Two - Lot 361 Section 11

Being the same lands, easements, privileges and appurtenances as described in and conveyed by that Commissioners Deed dated December 20, 2016, from Jeffrey Goss, Commissioner, pursuant to that Order of Confirmation (Tract D) entered July 26, 2016 in Macon County File No.: 09-CVS-631 entitled The County of Macon, Plaintiff v. Watauga Vista, Inc., Defendant to Robert Dodd, single, as recorded in Deed Book S-37, Pages 308-309, in the Macon County Land Registry, North Carolina, being more particularly described as follows:

BEING LOT NUMBER 361 SECTION 11, of Watauga Vista, located in Millshoal Township and bearing parcel identification number 7517-36-0743 according to the Macon County Mapping Office, as shown on that certain plat prepared by Bob Swan, RLS, dated July, 1969, a copy of said plat being recorded in Plat Cabinet 1, Slide 65, Page 4, of the Macon County Registry, to which reference is hereby specifically made.

Also being "Tract One" described in a deed dated September 29, 1989 from John F. Henning, Trustee to Watauga Vista, Inc., as recorded in Book S-19, Page 705 of the Macon County Registry, together with all appurtenances and subject to any and all easements, rights of way and restrictive covenants described therein.

Revenue Stamps: \$12.00

Mail after recording to: David C Spivey, P.A., 587 West Main Street, Franklin, NC 28734

This instrument prepared by: David C Spivey, Attorney
587 West Main Street, Franklin, NC 28734

Delinquent taxes, if any to be paid by the closing attorney to the county tax collector upon disbursement of closing proceeds.

Brief Description for Index

Lots 360 & 361 Watauga Vista, Franklin, NC 28734

Tax Parcel Identification Number: 7517279082 & 7517360743

MAPPING
M
R

The property conveyed herein was not the primary residence of the Grantor.

NORTH CAROLINA GENERAL WARRANTY DEED

THIS DEED made this 11th day of May, 2020, by and between

Enter in appropriate block for each party: name, address, and, if appropriate, character of entity, e.g. corporation or partnership

GRANTOR	GRANTEE
Robert Dodd, a single man 218 Buck Creek Road Highlands, NC 28741	Sanju Varghese EPSP 401K 3510 Aston Street Annandale, VA 22003

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot of land situated in, Millshoal Township, Macon County, North Carolina and more particularly described as follows:

SEE ATTACHED "EXHIBIT A"

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

And the Grantor covenants with the Grantee, that Grantor is seized of the premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that Grantor will warrant and defend the title against the lawful claims of all persons whomsoever except for the exceptions hereinafter stated.

Title to the property hereinabove described is subject to the following exceptions:

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and seal, or if corporate, has caused this instrument to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, the day and year first above written.

Robert Dodd (SEAL)
Robert Dodd

SEAL-STAMP

STATE OF NORTH CAROLINA

COUNTY OF MACON

I, Mahala Justice, a Notary Public of said State and County, do hereby certify that **Robert Dodd**, personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes herein expressed.

Witness my hand and Notarial Seal this 11th day of May, 2020.

Mahala Justice Notary Public

My Commission Expires March 17, 2024

Notary's Form of Identification:

Personally known: _____

Photo Identification _____

Other _____

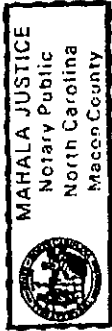


Exhibit "A"

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Being the same lands, easements, privileges and appurtenances as described in and conveyed by that deed from Watauga Vista, Inc. to Anthony F. Nottage and wife, Terry L. Nottage, dated 30 January 1987 and recorded in Deed Book F-17, Page 446, Macon County Land Registry, and being more particularly described therein as follows:

BEING LOT NUMBER 360 SECTION 11, of Watauga Vista, Inc., mapped and surveyed, dated July 1969, by Bib Swan, Registered Land Surveyor, as recorded in the Office of the Register of Deeds, Macon County, North Carolina, in Plat Cabinet 1, Slide 65, Page 4. Reference is hereby made to said plat and record for a more complete and accurate description of the property hereby conveyed.

THIS CONVEYANCE IS MADE SUBJECT TO the covenants and conditions of Watauga Vista, Inc., as recorded in the Office of the Register of Deeds, Macon County, North Carolina in Book E-7, Page 124 and amendments to restrictions recorded in the Office of the Register of Deeds Macon County, North Carolina as follows: Book H-7, Page 273; Book P-7, Page 41; Book T-7, Page 366; Book V-7, Page 300; Book Z-7, Page 145; Book C-8, Page 195; Book F-8, Page 284; Book O-8, Page 254; Book R-8, Page 6; Book Y-8, Page 249; Book D-9, Page 173 and Book C-12, Page 25.

Parcel Two - Lot 361 Section 11

Being the same lands, easements, privileges and appurtenances as described in and conveyed by that Commissioners Deed dated December 20, 2016, from Jeffrey Goss, Commissioner, pursuant to that Order of Confirmation (Tract D) entered July 26, 2016 in Macon County File No.: 09-CVS-631 entitled The County of Macon, Plaintiff v. Watauga Vista, Inc., Defendant to Robert Dodd, single, as recorded in Deed Book S-37, Pages 308-309, in the Macon County Land Registry, North Carolina, being more particularly described as follows:

BEING LOT NUMBER 361 SECTION 11, of Watauga Vista, located in Millshoal Township and bearing parcel identification number 7517-36-0743 according to the Macon County Mapping Office, as shown on that certain plat prepared by Bob Swan, RLS, dated July, 1969, a copy of said plat being recorded in Plat Cabinet 1, Slide 65, Page 4, of the Macon County Registry, to which reference is hereby specifically made.

Also being "Tract One" described in a deed dated September 29, 1989 from John F. Henning, Trustee to Watauga Vista, Inc., as recorded in Book S-19, Page 705 of the Macon County Registry, together with all appurtenances and subject to any and all easements, rights of way and restrictive covenants described therein.

MACON COUNTY BOARD OF COMMISSIONERS

AGENDA ITEM

CATEGORY – APPOINTMENTS

MEETING DATE: February 9, 2021

13(A). **Library Board** – Per Karen Wallace, Ed Trask is a current member of the Macon County Library Board of Trustees, representing the Nantahala community, and his term is set to expire February 13, 2021. Mr. Trask has agreed to serve a second term and Ms. Wallace is requesting his reappointment. Term of appointment would be for three years.