

**AGENDA**  
**Snow Hill Board of Commissioners**  
**Monday, 8 August 2016; 6:30 pm**  
**G. Melvin Oliver Town Hall**

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| 1.  | <b>Call to Order</b>  | <i>Invocation / Pledge of Allegiance</i> |
| 2.  | <b>Roll Call</b>  |  |
| 3.  | <b>Consider Agenda Approval</b>   |  |
| 4.  | <b>Consider Minutes Approval</b>  | <i>13, 27 June 2016</i>                  |
| 5.  | <b>Program / Presentations: NONE</b>  |  |
| 6.  | <b>Report of Officers:</b>  |  |
|     | a. Mayor  |  |
|     | b. Town Manager / PW Director   |  |
|     | 1. Vertical Access Grant Proposal   | <i>Consent Request</i>                   |
|     | 2. P/L Insurance Resolution   | <i>Action Request</i>                    |
| 7.  | <b>Report of Boards: NONE</b>   |  |
| 8.  | <b>Public Comments</b>  |  |
| 9.  | <b>Action Items:</b>  |  |
|     | 1. Consider Adoption of Interlocal Agreement and Resolution for<br>Property / Liability Insurance |  |
| 10. | <b>Closed Session</b>   | <i>Personnel</i>                         |
| 11. | <b>Commissioner Comments</b>  |  |
| 12. | <b>Adjourn</b>  |  |

*Any person who has a disability requiring a reasonable accommodation to participate in this meeting should contact Town Hall prior to the meeting date. Requests for an interpreter require five (5) working days notice. Proposed agenda current as of 7-26-16*

MINUTES  
TOWN OF SNOW HILL  
MONDAY, JUNE 13, 2016  
G. MELVIN OLIVER TOWN HALL  
201 N. GREENE STREET

- 1. Call to Order**

Mayor Liles called the meeting to order at 6:30 p.m.

<b>Invocation – Commissioner Hagans</b>	<b>Invocation/Pledge of Allegiance</b> <b>Pledge-Commissioner Washington</b>
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- 2. Roll Call**

The roll was called by Cathy Webb. Members present were Mayor Liles, Commissioners Hagans, Shackelford, Taylor, Washington and Wilkes. Others present were Attorney Brian Pridgen, Town Manager Dana Hill, and Town Clerk/Finance Officer, Cathy Webb. A quorum was declared.
- 3. Consider Agenda Approval**

Motion made by Commissioner Washington, seconded by Commissioner Shackelford. Motion carried.
- 4. Consider Minutes Approval**

Motion made by Commissioner Washington, seconded by Commissioner Wilkes. Motion carried.
- 5. Program/Presentation: Public Hearing      FY 2016-2017 Budget**

Motion made by Commissioner Washington, seconded by Commissioner Shackelford to begin the Public Hearing. Motion carried.

Mayor Liles asked if there were any questions concerning the budget. There were none.

Motion made by Commissioner Washington, seconded by Commissioner Hagans to close the Public Hearing. Motion carried.
- 6. Report of Officers**
  - a. Mayor** – Mayor Liles announced that ECU went to the central region lineup. When Coach Cliff Godwin was interviewed, he mentioned Snow Hill several times. He said that he hoped he could make Snow Hill proud. He also commended Commissioner Taylor on his tennis team's win of the State Championship at Lake Norman.
  - b. Town Manager/PW Director**
    - 1) Renovation update** – Mr. Hill gave an update on the new building. He said that we should be very close to moving at the end of June.
    - 2) SE Third Street Sidewalks** – Mr. Hill noted that two months ago the Board approved \$64,000 for the project. He said that he received three bids and that they were all out of range compared to what the engineer's cost estimates were. He said that he

believed that it would be better to contract locally with a smaller company. He said that he could actually get it done for around \$30,000. He also said that the state resurfaced their portion of Third Street and that this would be a good time to get the Town's portion of 3<sup>rd</sup> Street done. He said that we could probably get both projects done with the \$64,000, maybe other than \$3,000-\$4,000, which could be paid for from Powell Bill Funds. It was the consensus of the Board to do this.

**3) Cemetery Expansion** – Mr. Hill said that he didn't have the pictures of the different kind of fencing for the Cemetery. He hoped to have them by the next meeting.

**4) SE Third Street Resurfacing-** (Combined with Item #2)

**5) South Green Ball Field Signs** – Mr. Hill said that there had been some discussion about the sign at the ball field. He said due to a contractual agreement, the field has to stay named the Rosenwald Memorial Field. He said that we could probably go below it with a matching sign and acknowledge the donation of the property by Mr. L.H. Smith, Jr. He said the other sign needed to be replaced and that both could be done at the same time. He said that he needed the Board's action to endorse this.

**6) FYE 2017 Budget** – He said that the only changes were that the Property Insurance rates had changed because he was late receiving it from the Insurance Company. Line items were changed to reflect the changes. The property Insurance is through the League. He said that it was suggested that the property tax rate be dropped from \$.35 to \$.34. He said that the one cent decrease is roughly \$9,000 in revenue. Fair Grove Apartments will bring in about \$8100 in tax revenue. He also asked that some planning and zoning rates be increased. They were Rezoning Request be changed from \$250 to \$500, Variance request be changed from \$250 to \$500, Special Use request be changed from \$250 to \$500, and the Peddler's Permit (valid for 1 year) be changed from \$50 to \$125. This will help cover some of the cost of the Boards that would have to meet. Mr. Hill asked that the Board decide what the tax rate would be. Commissioner Wilkes said that she still thought that the water and sewer rates need to be changed- this would affect all citizens. Commissioner Shackleford asked when the Alternative fee would end. Mr. Hill said that the money collected so far went toward the wells that were dug to be in compliance. Mr. Hill recommended that these fees be left in place until next year. He said that in 2021 the wastewater plant would be paid off and that is why the rates were adjusted. He hopes that when the debt is paid, that we could lower the sewer rates. Commissioner Washington suggested that the water rates be visited soon. Commissioner Taylor asked Mr. Hill to get a comparison of the in-town and out-of-town usage for water for a year and bring those figures back to the Board.

**7) Property Insurance-** Hill asked that the Board consider authorizing a change in property and liability coverage for the Town to NCLM due to both price and the benefits of being members of the statewide pool.

**7. Report of Boards- NONE**

**8. Public Comments- NONE**

**9. Action Items:**

**1. Motion by Taylor to add the following signage at the South Greene Ball Field: Rosenwald Memorial Field- LH Smith Jr. Ball Field, Second by Washington, Carried**

**2. Motion by Taylor to adopt the FYE 2017 Budget Message, Second by Hagans, Carried**

**3. Motion by Taylor to adopt the FYE 2017 Budget Ordinance, Second by Hagans, Carried**

**4. Motion by Taylor to adopt the FYE 2017 Budget, Second by Hagans, Carried**

**5. Motion by Washington to adopt the FYE 2017 rate schedule, including a property tax rate of \$.34, Second by Shackelford, Carried**

**6. Motion by Washington to award property-liability coverage to NCLM, Second by Shackelford, Carried**

**10. Motion to enter closed session by Washington for the purpose of property negotiation and personnel issues, Second by Shackelford, Carried**

**Motion to convene in open session by Washington, Second by Shackelford, Carried**

**11. Commissioner Comments- NONE**

**12. Mayor Liles announced that the meeting would stand in recess until June 27<sup>th</sup> at 6pm**

**Respectfully Submitted: \_\_\_\_\_  
Cathy Webb, Town Clerk**

**Approved: \_\_\_\_\_  
Dennis Liles, Mayor**

**MINUTES**  
**Snow Hill Board of Commissioners**  
**Monday, 27 June 2016; 6:00 pm**  
**G. Melvin Oliver Town Hall**  
**201 N Greene Street**

*Recessed from 13 June 2016*

1. **Call to Order** – 6pm by Mayor Liles
2. **Roll Call** – All Commissioners were present and a quorum declared
3. **Consider Agenda Approval** – by consent
4. **Report of Officers:**

**a. Mayor**

**b. Town Manager / PW Director**

1. Water Tank Maintenance Contract *Action Request*

Hill asked that the Board consider issuing the required intent to cancel to Utility Service Group due to conflicting information on the needs of the water tanks. This 90 day period will allow for further investigation and will allow the town to cancel the current contract in September if needed

2. Surplus Equipment *Action Request*

The Town has two mowers that are no longer operable and are not needed. Hill asked that they be declared surplus and that he be given the authority to sale to the highest bidder

3. July Meeting *Action Request*

Hill asked if the Board would like to cancel their July meeting due to having two in June

**c. Town Clerk / Finance Officer**

1. Tax Release *Action Request*

Webb asked that the Board consider a release of taxes for J&C Video due to a mistake in the GC Tax Office

2. Budget Amendments *Action Request*

Webb presented fiscal year end budget amendments

5. **Public Comments- NONE**

6. **Action Items:**

**1. Consider Cancellation of USG Contract**

**Motion to approve by Taylor, Second by Washington, Carried**

**2. Consider Declaring Surplus and Offering for Sale: 1999 John Deere  
Mower and 2011 Cub Cadet Mower by Sealed Bids**

**Motion to approve by Washington, Second by Hagans, Carried**

**3. Consider Cancellation of July Meeting**

**Motion to cancel by Shackelford, Second by Washington, Carried**

**4. Consider Authorizing a Tax Release in the Amount of \$52.50 for**

**Motion to approve by Hagans, Second by Wilkes, Carried**

**J&C Video / Photography**

**5. Consider Adoption of Budget Amendment IV**

**Motion to adopt by Shackelford, Second by Wilkes, Carried**

7. **Closed Session**

*Personnel*

*Legal Consultation*

**Motion to enter by Wilkes, Second by Washington, Carried**

**Motion to reconvene in open session by Washington, Second by Shackelford, Carried**

**8. Commissioner Comments**

Commissioner Taylor asked for confirmation that the designation “G. Melvin Oliver Town Hall” would transfer to the new building. Hill confirmed that it would.

**9. Adjourn**

**Motion to adjourn by Washington, Second by Shackelford, Carried**

**Respectfully Submitted:** \_\_\_\_\_  
**Cathy Webb, Town Clerk**

**Approved:** \_\_\_\_\_  
**Dennis Liles, Mayor**

**Governing Body Resolution**

**of the**

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***(Name of Unit of Local Government)***

**WHEREAS**, certain municipalities and other units of local government of the State of North Carolina, as defined in G.S. 160A-460(2), have agreed to create the INTERLOCAL RISK FINANCING FUND OF NORTH CAROLINA and have agreed to pool the risks of their exposure to property losses and potential liabilities in the manner herein provided pursuant to, and to be governed by, the provisions of North Carolina General Statutes 160A-460 *et seq.* (Part 1 of Article 20 of Chapter 160A);

**NOW, THEREFORE, BE IT RESOLVED** that the above named unit of local government elects to become a member of the INTERLOCAL RISK FINANCING FUND OF NORTH CAROLINA upon the terms and conditions stated in the "Interlocal Agreement for a Group Self-Insurance Pool For Property and Liability Risk Sharing," with such future policy renewals constituting a continuing ratification of this decision to be a member of the Fund and to abide by the terms and conditions of the Interlocal Agreement.

**NOW, THEREFORE, BE IT FURTHER RESOLVED** that the duly authorized officials of the above named unit of local government are directed to execute in the name of said unit the "Interlocal Agreement for a Group Self-Insurance Pool For Property and Liability Risk Sharing," a copy of which is attached to and made a part of this Resolution.

I certify that this is a true and correct copy of this Resolution, duly adopted by the governing body on the \_\_\_\_\_ day of \_\_\_\_\_, 2016, as it appears of record in its official minutes.

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***(Name of Unit of Local Government)***

By: \_\_\_\_\_  
***(Mayor, or Board Chair)***

ATTEST:

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***(Clerk, or Secretary to the Board)***

(SEAL)

**INTERLOCAL AGREEMENT FOR A  
GROUP SELF-INSURANCE POOL  
FOR PROPERTY AND LIABILITY RISK SHARING**

This Agreement, made and entered into in duplicate originals this \_\_\_\_ day of \_\_\_\_\_ 20\_\_, by and between all the parties who are now or may hereafter become members of the Interlocal Risk Financing Fund of North Carolina (hereafter referred to as the “Fund”):

WITNESSETH:

WHEREAS, certain municipalities and other units of local government of the State of North Carolina have agreed to create the Fund and have agreed to pool the risk of their exposure to property losses and potential liabilities in the manner herein provided pursuant to, and to be governed by, the provisions of North Carolina General Statutes 160A-460 *et seq.* (Part 1 of Article 20 of Chapter 160A); and

WHEREAS, the members of the Fund have agreed upon designation of a Board of Trustees to direct the affairs of the Fund, to adopt rules, regulations, policies, and by-laws for implementing and administering the Fund, and to pass upon the admissibility of future members of the Fund; and

WHEREAS, the members have designated the North Carolina League of Municipalities as Administrator of the Fund, subject to the provisions of this Agreement and the policies adopted by the Board of Trustees of the Fund; and

WHEREAS, by this Agreement the Fund will undertake to discharge, solely from the Assets of this Fund, certain claims against any member of the Fund, when said claims come within the rules of the Fund, and when said claims are determined to be due as a result of a court judgment or settlement agreement; and



WHEREAS, the members of the Fund agree to pay premiums and/or contributions based upon appropriate classifications, rates, and loss experience, and other criteria established by the Board of Trustees, out of a portion of which the Fund will establish and maintain a fund for the payment of the claims, awards, and attorney's fees and further, that the members covenant and agree that there will be no disbursements out of the fund by way of dividends or distribution of accumulated reserves to the respective members, except at the discretion of the Trustees; and

WHEREAS, the members of the Fund, through action of their respective governing bodies, have elected to comply with the conditions of this Agreement;

NOW, THEREFORE, for and in consideration of the mutual covenants, promises, and obligations herein contained, which are given to and accepted by each member hereof to the other, the parties hereto agree as follows:

<b>SECTION I. PURPOSE OF AGREEMENT; COMPOSITION OF BOARD OF TRUSTEES</b>
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The purpose of the Fund established by the signatories hereto is to allow members to operate a pool for property and liability risk sharing, including but not being limited to the following risks and coverages: automobile liability; automobile physical damage; comprehensive general liability; property and inland marine; boiler and machinery; fidelity bonds; crime; police professional liability, and public officials and employment practices liability (with such exclusions, exemptions, and limitations as are specified in the regulations or schedules of coverage adopted by the Board of Trustees). To this end, the Fund shall be governed by a Board of Trustees made up of thirteen (13) officials or employees of units of local government. Eleven (11) members shall be appointed for three (3) year overlapping terms by the Board of Directors of the North Carolina League of Municipalities. In addition, the Board of Directors of the North Carolina League of Municipalities shall appoint two (2) of its members to the Board of Trustees, to serve at the pleasure of the Board of Directors, but not more than six months beyond the end of their tenure on the Board of Directors. The foregoing provisions shall not be construed to prevent the Board of Directors from appointing others of its members to one or more of the eleven (11) regular 3-year terms. In addition, the Executive Director of the North Carolina

League of Municipalities shall serve as an ex-officio, non-voting member of the Board of Trustees: the ex-officio member position shall not have a committee assignment, nor shall the position serve as an officer of the Board of Trustees.

## **II. TRUSTEES' POWERS, DUTIES, LIABILITY, AND INDEMNITY**

The Trustees shall have the following powers and duties, in addition to those set forth elsewhere in this Agreement:

1. To establish guidelines for membership in the Fund;
2. To establish the terms and conditions of coverage, including underwriting criteria and exclusions from coverage;
3. To ensure that all valid claims are promptly paid;
4. To establish, operate, and enforce rules, regulations, policies, and bylaws as between the individual members of the Fund and the Fund;
5. To enter into agreements with such persons, firms, or corporations as it deems appropriate to adjust claims; promote membership in the Fund; provide actuarial and underwriting services; defend against claims and lawsuits; provide accounting services; obtain excess insurance or reinsurance coverage, if available, designed to protect the Fund against excess losses; invest the assets of the Fund; provide loss control and other risk management services for the Fund and member units; maintain records and accounts; and provide any other service necessary or desirable for the sound operation of the Fund;
6. To lease or rent real and personal property it deems to be necessary;

7. To borrow or raise monies for the purpose of the Fund to the extent that the Trustees shall deem desirable upon such terms and conditions as the Trustees in their absolute discretion may deem desirable or proper, and for any sum so borrowed to issue their promissory note as Trustees and to secure the repayment thereof by pledging all or any part of the pool; and no person or entity lending money to the Trustees shall be bound to see to the application of the money lent or to inquire into the validity, expediency, or propriety of any such borrowing;
8. To rate individually any member unit with rates different from the group rates when the loss experience of the unit warrants such individual rating, in the discretion of the Trustees;
9. To take measures to maintain claim reserves equal to known incurred losses and loss adjustment expenses and to maintain an estimate of incurred but not reported losses; and
10. To take all necessary precautions to safeguard the assets of the Fund.

The Trustees shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties hereunder. The members agree that the Trustees shall not be liable for any mistake of judgment or other action made, taken, or omitted by any employee, agent, contractor, subcontractor, or independent contractor selected with ordinary care and reasonable diligence; nor for loss incurred through investment of Fund money or failure to invest. No Trustee shall be liable for any action taken or omitted by any other Trustee. The Trustees shall not be required to give a bond or other security to guarantee the faithful performance of their duties hereunder.

The members of the Fund agree that, for the payment of any claim against the Fund or the performance of any obligation of the pool hereunder, resort shall be had solely to the assets of the Fund, and neither the Trustee nor the Administrator shall be liable therefor. Further, the Fund shall indemnify and hold harmless the Trustees against any and all claims, suits, actions,

debts, damages, costs, charges, and expenses (including but not limited to court costs and attorneys' fees) and against all liability, losses, and damages of any nature whatsoever, that the Trustees shall or may at any time sustain, or be put to, by reason of the exercise of their power and in the performance of their duties hereunder, or by reason of any mistake of judgment or other action made, taken, or omitted by any employee, agent, contractor, subcontractor, or independent contractor, or for loss incurred through investment of Fund money or failure to invest.

### **SECTION III. PAYMENT OF CLAIMS**

The members of the Fund agree that, for the payment of any claim against the Fund or the performance of any obligation arising hereunder, resort shall be had solely to the assets of the Fund, and neither the Trustees nor the Administrator shall be liable therefor. Accordingly, lawful claims will be paid from the assets of the Fund pursuant to the types and levels of coverage established by the Board of Trustees. The Board of Trustees shall establish a schedule of types and monetary levels of coverages for which the Fund shall be responsible on behalf of its members, including provisions for levels of coverage for which the members shall be individually responsible. Such types and levels of coverage may vary according to population classifications of members, mutual agreement of the Fund and a member, or such other criteria as may be established by the Board of Trustees. The types and level of coverage for each member shall be shown on a Coverage Document provided to each member. The Fund shall pay all claims (less the applicable deductible) for which each member incurs liability during each member's period of membership except where a member has individually retained the risk, where the risk is not covered, and except for amount of claims above the coverage provided by the Fund. The schedule so established may, from time to time, be amended by the Board of Trustees (but not during any coverage period) to sustain the financial integrity of the Fund or to reflect the desires of the members as determined by the Board of Trustees.

### **SECTION IV. MUTUAL COVENANT OF RISK SHARING**

The members intend this Agreement as a mutual covenant of risk sharing and not as a partnership. No member by reason of being a member of the Fund and contributing to the Fund

shall be liable to the Fund, to any other member, or any claimant against the Fund, except for the payment of the premiums and/or contributions and deductibles provided for in its application for membership and joinder in the Fund, for annual premiums and/or contributions for continued membership as determined by the Trustees, and for any necessary additional assessments levied by the Trustees to offset a claims fund deficiency.

#### **SECTION V. ADMINISTRATOR**

The North Carolina League of Municipalities, an unincorporated association with offices at 215 North Dawson Street, Raleigh, North Carolina, 27602, is designated as the Administrator of the Fund. Subject to the direction of the Trustees, the Administrator shall provide day-to-day management of the Fund and shall have the authority to contract with third parties for provision of services. The Administrator may establish offices where necessary within the State of North Carolina and employ staff to carry out the Fund's purpose. The Administrator shall deposit to the account of the Fund at any financial institution or financial institutions designated by the Trustees all premiums and/or contributions as collected and such monies shall be disbursed and/or invested only as provided by the rules, regulations, policies, and bylaws of the Trustees. The Administrator may enter into financial services agreements with financial institutions and issue checks in the name of the Fund. The Administrator shall receive such compensation as shall be determined from time to time by the Trustees.

#### **SECTION VI. ADMISSION TO MEMBERSHIP; SUSPENSION & EXPULSION**

All members of the Fund hereby agree that the Trustees may admit as members of this Fund only the units of local government set forth in North Carolina General Statutes 160A-460 *et seq.* (Part 1 of Article 20 of Chapter 160A). The Trustees shall be sole judge of whether or not an applicant shall be admitted to membership. Except as otherwise provided in Section VII (i) of this Agreement, a member may be suspended or expelled by the Trustees from the Fund only after forty-five (45) days' notice has been delivered to the member in accordance with Section XV of this Agreement. No payment shall be required by the Fund as a result of any claim

occurring after forty-five (45) days' notice has been delivered to the member in accordance with Section XV of this Agreement.

<b>SECTION VII. RULES, REGULATIONS, POLICIES, AND BYLAWS; MEMBERS' RESPONSIBILITIES</b>
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The rules, regulations, policies, and bylaws for the administering of the Fund and the admission and expulsion or suspension of members shall be promulgated by the Trustees. In addition, each member of the Fund agrees as follows.

- (a) To make prompt payment of all premiums and/or contributions as required by the Trustees;
- (b) To (and they do hereby) appoint the Trustees and the Administrator, as its agent and attorney-in-fact, to act on its behalf and to execute all contracts, reports, waivers, agreements, excess insurance or reinsurance contracts, and service contracts; to make or arrange for payment of claims and all other things required or necessary, insofar as they affect its liability for claims and awards and as covered by the terms of the Agreement and the rules, regulations, policies, and by-laws as now provided or as hereafter promulgated by the Trustees;
- (c) In the event a claim is reported to or is known by a member, to give immediate notification of the claim to the Administrator in the manner prescribed by the Trustees;
- (d) To permit the Fund to defend in the name of and on behalf of the members any suits or other proceedings which may at any time be instituted against them concerning claims for which the Fund may be obligated to make payment (although such suits, other proceedings, allegations, or demands are considered to be wholly groundless, false, or fraudulent) and to pay all

judgments or costs taxed against members in any legal proceeding which is so defended at the direction of the Fund, all interest accruing after entry of judgment and all expenses which are incurred pursuant to the direction of the Fund for investigation, negotiation, or defense. It is agreed that the Fund shall make all final decisions regarding the legal defense of claims, and shall have absolute and conclusive authority with regard to defense, settlement, and payment of claims. It is agreed that the independent settlement or payment of any claim by or on behalf of a member without approval of the Fund shall be at the sole cost of the settling member without any reimbursement or other resources from the Fund; and, may be grounds for expulsion of the member from the Fund;

- (e) To cooperate in all respects with the Fund, the Trustees, the Administrator, and any contractors of the Fund in carrying out the purposes of this Agreement;
- (f) In the event of the payment of any loss by the Fund under this Agreement, the Fund shall be subrogated to the extent of such payment to all the rights of the member against any person or other entity legally responsible for damages for such loss, and in such event, the member agrees to render all reasonable assistance to affect recovery;
- (g) To follow any reasonable safety, loss prevention, loss control, and risk management recommendations of the Trustees, the Administrator, or contractors of the Fund in order to minimize claims against and losses of the Fund;
- (h) The Trustees, the Administrator, and any contractors of the Fund shall be permitted at all reasonable times to inspect the real and personal property, work places, plants, works, machinery, and appliances of each member covered by this Agreement, and shall be permitted at all reasonable times

within two years after the final termination of a member's membership to examine the member's books, vouchers, contracts, documents, and records of any and every kind which show or tend to show or verify the premiums and/or contributions that are payable under the terms hereof;

- (i) Risk sharing by the Fund under the terms of this Agreement shall begin upon payment of the premium and/or contribution by that member to the Fund. Risk sharing by this Fund under the terms of this Agreement shall expire and be cancelled automatically for nonpayment of premiums and/or contributions, and a member may be expelled from the Fund upon thirty (30) days' notice by the Trustees, the Administrator, or their designee delivered to the member in accordance with Section XV of this Agreement specifying the date that cancellation shall be effective. No payment shall be required of the Fund as a result of any covered loss of the expelled member occurring after 30 days' notice has been delivered to the expelled member in accordance with Section XV of this Agreement;
- (j) To pay any assessment duly levied by the Trustees under the terms of this Agreement. If a member cancels or withdraws from the Fund, the member shall pay its pro rata share of any assessment relating to the member's period of enrollment; and
- (k) In order that an adequate reserve may be maintained, the members further agree that the Trustees shall have the right to assess the members pro-rata in such amounts as will be sufficient to maintain at all times a minimum reserve, equal to at least the annual premium and/or contributions for the coverage provided by the Fund. Should a member fail to pay any assessment as provided for in this Section within thirty (30) days of the assessment date, all interest and claim of such defaulting member in and to the Fund shall automatically cease.



## **SECTION VIII. ALLOCATION OF MONIES**

The Trustees are authorized to set aside from the premiums and/or contributions collected from members a reasonable sum for the operating and administrative expenses of the Fund. All remaining monies coming into their hands during any fiscal year of the Fund shall be set aside and shall be used only for the following purposes:

- (a) Disbursement to establish a reserve for payments of covered claims and expenses and required settlements, awards, judgments, legal fees, and costs in all contested cases to the extent provided herein;
- (b) Payment of such compensation to the Administrator as shall be determined from time to time by the Trustees;
- (c) Payment of all costs of all bonds and auditing expenses required of the Fund, the Administrator, or its agents or employees; and
- (d) Distribution to members in such manner as the Trustees shall deem to be equitable of any excess monies remaining after payment of claims and expenses and after provision has been made for open claims and outstanding reserves; provided, however, that no such distributions shall be made earlier than twelve (12) months after the end of a Fund Year. Undistributed excess funds from previous Fund Years may be distributed at any time if they are not required as reserves and if approved for distribution by the Trustees.

Monies in excess of those required to fulfill the purposes, costs, and other obligations of the Fund as set out hereinabove will be accumulated in the Fund or distributed to the member units at the discretion of and in the manner provided by the Trustees.

<b>SECTION IX. FISCAL YEAR; CONTINUING CONTRACT; WITHDRAWAL OF MEMBERS SUBJECT TO PROVISION OF 30 DAYS' WRITTEN NOTICE TO ADMINISTRATOR; FEE IMPOSED FOR FAILURE TO PROVIDE 30 DAYS WRITTEN NOTICE OF WITHDRAWAL</b>
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The Fund shall operate on a fiscal year from 12:01 a.m. July 1st, to midnight of June 30 of the succeeding year (the "Fund Year"). Application for membership, when approved in writing by the Trustees or their designee, shall constitute a continuing contract for each succeeding Fund Year unless cancelled by the Trustees, or unless the member shall have resigned or withdrawn from the Fund by having written notice delivered to the Administrator on or before May 30 (i.e., the written notice must be delivered to the Administrator in accordance with Section XV of this Agreement thirty (30) days' prior to the last day, June 30, of the Fund Year). Failure to provide thirty (30) days' written notice shall subject the member to the assessment of an exiting fee constituting two percent (2%) of the premium for that Fund Year.

<b>SECTION X. MEMBERS BOUND BY AGREEMENT; TERMINATION PERMITTED ONLY AT END OF FISCAL YEAR; FINAL ACCOUNTING</b>
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Any member who formally applies for membership in the Fund and is accepted by the Trustees shall thereupon become a party to this Agreement and be bound by all of the terms and conditions hereof, and such application shall constitute a counterpart of this Agreement. Cancellation of this Agreement on the part of any member, or withdrawal from membership, shall be permitted only at the end of a fiscal or Fund Year. A terminating member is entitled to a final accounting when all incurred claims are concluded, settled, or paid.

<b>SECTION XI. INTENTION OF INDEFINITE OPERATION; RESERVATION OF RIGHT TO TERMINATE FUND; REVERSION OF MONIES OR OTHER ASSETS UPON TERMINATION</b>
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This Fund has been established with the bona fide intention that it shall be continued in operation indefinitely and that the premiums and/or contributions to the Fund shall continue for an indefinite period. However, the Trustees reserve the right at any time to terminate the Fund by a written instrument to that effect executed by the Trustees. In the event of such termination,

member premiums and/or contributions (other than duly authorized assessments) shall cease as of the date of termination and the assets then remaining in the Fund shall continue to be used and applied, to the extent available, for the

- (a) payment of claims arising prior to such termination and administrative and other expenses and obligations arising prior to such termination; and
- (b) payment of reasonable and necessary expenses incurred in such termination.

Any monies or other assets thereafter remaining in the Fund shall revert to the members of the Fund as of the date of termination pro-rata to the annual premium and/or contributions of said members paid in the year of termination. In no event shall any such assets be returned or distributed to any individual. Upon such termination, the Trustees shall continue to serve for such period of time and to the extent necessary to effectuate termination of the Fund.

## **SECTION XII. AMENDMENT OF AGREEMENT**

This Agreement may be amended by an agreement executed by those members constituting a majority in paid-in dollar volume of contributions to the Fund during the current Fund Year. In lieu of this amendment procedure, the members hereby appoint the Board of Directors of the North Carolina League of Municipalities as their agents to make any amendments to this Agreement which would not fundamentally alter the contemplated arrangement. For purposes of illustration, and not limitation, an amendment to increase or decrease the number of members of the Board of Trustees or their terms shall not be construed as a fundamental alteration of the arrangement, provided that the current term of a member may not be terminated by any such amendment. Written notice of any amendment proposed for adoption by the Board of Directors of the North Carolina League of Municipalities shall be delivered to each member in accordance with Section XV of this Agreement not less than 30 days in advance. Written notice of amendments finally adopted by the Board of Directors of the North Carolina League of

Municipalities shall be delivered to each member in accordance with Section XV of this Agreement not more than 30 days after adoption.

### **SECTION XIII. HEADINGS**

Headings of various sections and subsections of this Agreement have been inserted for the convenience of reference only and shall not be construed as modifying, amending, or affecting in any way the express terms and provisions of this Agreement.

### **SECTION XIV. INTERPRETATION**

This Agreement shall be governed and interpreted under the laws of the State of North Carolina. This Agreement is intended to serve as an interlocal agreement, for purposes of executing the undertaking described in the preceding sections and paragraphs, under North Carolina General Statutes 160A-460 *et seq.* (Part 1 of Article 20 of Chapter 160A). The terms of this Agreement do not constitute a coverage document or form applicable to any specific claim.

Should any clause, sentence, provision, paragraph, or other part of this Agreement be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Agreement. Each of the parties declares that it would have entered into this Agreement irrespective of the fact that any one or more of this Agreement's clauses, sentences, provisions, paragraphs, or other parts have been so declared invalid. Accordingly, it is the intention of the parties that the remaining portions of this Agreement shall remain in full force and effect without regard to the clause(s), sentence(s), provision(s), paragraph(s), or other part(s) invalidated.

Failure of the Trustees, the Administrator, or their designees to insist in any one or more instances upon the performance of any of the covenants, agreements, and/or conditions of this Agreement, or to exercise any right or privilege herein conferred, shall not be construed as a waiver of any such covenant or condition.

This Agreement contains the entire agreement between the parties, whom shall not be bound by any verbal statement or agreement made heretofore.

## **SECTION XV. MEMBER REPRESENTATIVES; NOTICES**

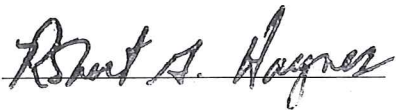
There shall be a Member Representative for each member of the Fund who shall be the agent of the member for purposes of giving and receiving notices required or permitted pursuant to this Agreement. Each member shall designate a Member Representative and provide the member's postal mailing address and, if applicable, a facsimile number and electronic mail address to which the Administrator may provide notices hereunder. The Administrator shall provide forms, as needed, for use by the member in designating its Member Representative and providing its address information. Such information may be updated at any time there is a change in the information provided thereon. Until such time as different information is provided, the Member Representative shall be the member's chief administrative official as shown on the records of the Administrator and the member's postal mailing address, facsimile number and electronic mail address shall be that as provided by the member on its most recent application. For purposes of illustration and not limitation, a chief administrative official shall be considered to be a manager, administrator, clerk or executive director as may apply with respect to a particular member.

Any notices required or permitted by this Agreement shall be in writing and may be given: in person, by United States Postal Service, by facsimile, or by electronic mail. Notices shall be deemed delivered: (a) when received if delivered in person, (b) three business days after being deposited with the United States Postal Service, postage prepaid, properly addressed to the party to whom such notice is intended to be given at the address established under this section, (c) on the date sent if given by facsimile, provided that an electronic confirmation of delivery has been received by the sender and that a copy of such notice was also sent on such date by mailing, or (d) on the date sent if given by electronic mail, provided a copy of such notice was also sent on such date by mailing and receipt of the electronic mail is acknowledged by the receiving party by return electronic mail. Notices shall be delivered, addressed or directed as follows if provided to the Administrator:

Director, Risk Management Services  
Post Office Box 3069  
Raleigh, North Carolina 27602-3069  
Facsimile number: 919-301-1053  
Electronic address: RMSnotifications@nclm.org

IN WITNESS WHEREOF, the participating entity listed below acknowledges its membership in the Fund and acceptance of obligations hereunder, by the due execution hereof, following appropriate governing body approval, by its duly authorized official. Further, the members of the Interlocal Risk Financing Fund of North Carolina have caused these presents to be signed by their duly authorized Chair of the Board of Trustees and have had this Agreement attested by its duly authorized Administrator.

WITNESS:

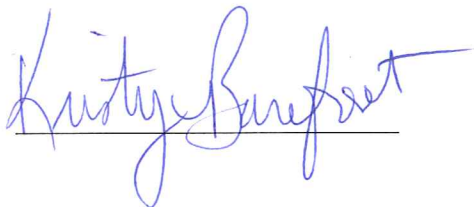


INTERLOCAL RISK FINANCING FUND  
OF NORTH CAROLINA

BY: 

Chair

Board of Trustees



NORTH CAROLINA LEAGUE OF  
MUNICIPALITIES

BY: 

Executive Director

Administrator

\_\_\_\_\_  
(NAME OF PARTICIPATING ENTITY)

BY: \_\_\_\_\_

\_\_\_\_\_  
(Clerk, or Secretary to the Board)

\_\_\_\_\_  
(Mayor, or Board Chair)