

STATE OF NORTH CAROLINA
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
DIVISION OF WATER QUALITY
RALEIGH, NORTH CAROLINA

OFFER AND ACCEPTANCE FOR STATE LOAN OR GRANT FOR WASTEWATER TREATMENT
WORKS PROJECTS AND WASTEWATER COLLECTION SYSTEMS PROJECTS UNDER
THE CLEAN WATER REVOLVING LOAN & GRANT ACT OF 1987

PART A SECTION I - OFFER

Legal Name & Address of Applicant <p style="text-align: center;">Town of Black Mountain 160 North Midland Avenue Black Mountain, NC 28711</p>	Federal Project No. <hr/> State Project No. <p style="text-align: center;">E-SRL-C-09-0079</p>
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Total Estimated Project Cost **\$1,396,255**

TOTAL STATE LOAN OFFERED \$1,396,255 TOTAL STATE GRANT OFFERED Description of Project: Sanitary Sewer Extension for Avena, McCoy Cove, and Blue Ridge roads.	<p style="text-align: center;">ACCOUNT</p> <hr/> <input type="checkbox"/> Water Pollution Control Revolving Loan Fund (State & Federal Funds)(SRF) <input checked="" type="checkbox"/> General Revolving Loan Account <input type="checkbox"/> High Unit Cost Grant Account <input type="checkbox"/> Emergency Revolving Loan Account
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Consideration having been given by the North Carolina Department of Environment and Natural Resources to (a) the application submitted by the applicant in accordance with the Rules Governing State Loans and Grants for Wastewater Treatment Works Projects and Wastewater Collection Systems Projects Pursuant to the North Carolina Clean Water Revolving Loan & Grant Act of 1987, (b) the public benefits to be derived by the construction of this project, (c) the relation of the ultimate cost of constructing and maintaining the system to the public interest and to the public necessity for the system, and (d) the adequacy of the provisions made or proposed by the applicant for assuring proper and efficient operation and maintenance of the system after completion of the construction thereof, and it having been determined that (1) the applicant is an eligible unit of government, (2) the project meets the eligibility criteria for State loans or grants, and (3) the project has been approved and certified by the Department of Environment and Natural Resources as being entitled to priority for State loan or grant funds made available by the Clean Water Revolving Loan & Grant Act of 1987.

The Department of Environment and Natural Resources, acting on behalf of the State of North Carolina, hereby offers: To make a State loan to the above named applicant subject to the conditions and assurances included in this document to aid in financing the construction of the project pursuant to the Rules Governing State Loans and Grants for Wastewater Treatment Works Projects and Wastewater Collection Systems Projects. The amount of the State loan or grant will not exceed the appropriate percentage, as established by the Act, of such dollar limitation as established herein.

In addition, this Offer is made subject to the following conditions:

1. **THE MAXIMUM MATURITY OF THIS LOAN SHALL NOT EXCEED 20 YEARS AT AN INTEREST RATE OF 2.22% PER ANNUM.**
2. **THE CLOSING FEE FOR THIS LOAN IS \$34,055 WHICH IS INCLUDED IN THE TOTAL LOAN AMOUNT OF \$1,396,255.**
3. **LOAN AMOUNT MAY BE INCREASED BY 10% OR DECREASED BASED ON BIDS. SEE ASSURANCE "Q".**

This Offer must be accepted, if at all, on or before

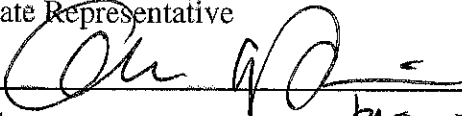
FORTY-FIVE (45) DAYS FROM THE DATE OF THE OFFER AND ACCEPTANCE LETTER

FOR THE STATE OF NORTH CAROLINA, DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Authorized State Representative

Date:

Name and Title:


Dee Freeman, Secretary
North Carolina Department of Environment and Natural Resources

6/15/10

SECTION II - ASSURANCES

The Applicant hereby gives assurance to the Department of Environment and Natural Resources that:

- A. The final plans and specifications have or will be approved by the Division of Water Quality and the applicant so notified, prior to the project being advertised or placed on the market for bids.
- B. The construction contract(s) require(s) the contractor to furnish performance and payment bonds, each of which is in an amount of not less than one hundred percentum (100%) of the contract price; and to maintain during the life of the contract(s) adequate fire, extended coverage, workmen's compensation, public liability, and property damage insurance.
- C. The construction of the project, including the letting of contracts in connection therewith, conforms to the applicable requirements of State and local laws and ordinances.
- D. The applicant shall submit evidence that the requirements for compliance of participation by minority businesses has been accomplished in accordance with G.S. 143-128.
- E. Any change or changes in the approved plans and specifications or contract(s) which (has/have) made or will make any major alteration in the work required by the plans and specifications, or which increases the cost of the project above the latest estimate, was or will be submitted to the Division of Water Quality for approval.
- F. The construction contract(s) provides that any duly authorized representative of the State will have access to the work whenever it is in preparation or progress, and that the contractor will provide proper facilities for such access and inspection.

- G. The applicant will provide and maintain competent and adequate engineering supervision and inspection of the project to insure that the construction conforms with the approved plans and specifications.
- H. Adequate accounting and fiscal records will be maintained during the construction of the project and these records will be retained and made available for a period of at least three (3) years following completion of the project.
- I. All funds loaned or granted pursuant to the Clean Water Revolving Loan & Grant Act of 1987 shall be expended solely for carrying out the approved project and an audit shall be performed in accordance with G.S. 159-34, as amended. **The applicant will expend all of the requisitioned funds for the purpose of paying the costs of the project within three (3) banking days following the receipt of the funds from the State.**
- J. Any duly authorized representative of the Division of Water Quality shall have access, for the purpose of audit and examination, to any books, documents, papers and records of the applicant that are pertinent to funds received under the Act; and the applicant shall submit to the Division of Water Quality such documents and information as it may require in connection with the project.
- K. The applicant shall demonstrate to the satisfaction of the Department of Environment and Natural Resources its ability to pay the remaining or ineligible cost of the project.
- L. The applicant shall demonstrate to the satisfaction of the Department of Environment and Natural Resources that it has or will have a fee simple or such other estate or interest in the site of the project, including necessary easements and rights-of-way, to assure undisturbed use and possession for the purpose of construction and operation for the estimated life of the project prior to the authorization to award construction contracts.
- M. The declarations, assurances, representations, and statements made by the applicant in the application; and all documents, amendments, and communications filed with the Department of Environment and Natural Resources by the applicant in support of its request for a loan or grant will be fulfilled.
- N. The applicant agrees to construct the project or cause it to be constructed to final completion in accordance with the application and plans and specifications approved by the Division of Water Quality.
- O. The first disbursement of loan funds to the applicant will include the closing fee. An invoice will be sent to the applicant upon receipt by the Department of Environment and Natural Resources of the executed offer. Within ten (10) calendar days of the receipt of this disbursement, the applicant should send payment of the closing fee to the Construction Grants & Loans Section.
- P. The applicant shall within thirty (30) days of completion of the project submit the following information:
- 1) "Certificate of Completion"
 - 2) final estimate for each construction contract
 - 3) final engineering invoice
 - 4) final invoice(s) for all other project-related expenditures
 - 5) statement of sales tax paid for which reimbursement has been or will be obtained from the N.C. Department of Revenue.
- Q. If the approval of the debt instrument for this loan is necessary for the applicant to award contracts, the completed "project bid information" and supporting information must be delivered to the Division of Water Quality a minimum of twenty (20) days prior to the award of contracts.

- R. The applicant must schedule and meet with the Local Government Commission's staff to execute the debt instrument a minimum of ten (10) days prior to the request of disbursement of loan funds.
- S. The applicant agrees that the State Treasurer, upon failure of the applicant to make scheduled repayment of the loan, to withhold from the applicant any State funds that would otherwise be distributed to the applicant in an amount sufficient to pay all sums then due and payable to the State as a repayment of the loan.
- T. Collection systems funded by any loan proceeds must have a mandatory sewer connection policy for all households provided by the recipient. The recipient must certify the enactment of this policy prior to receipt of funds.
- U. In accordance with G.S. 159-26(b)(6), a capital project fund is required to account for all debt instrument proceeds used to finance capital projects. It is required that a capital project ordinance, in accordance with G.S. 159-13.2, be adopted by the governing board authorizing all appropriations necessary for the completion of the project. A copy of the approved ordinance must be submitted to this office before requesting the first reimbursement request.
- V. Priority for obtaining this loan was based on the entire scope of the project. Therefore, the recipient is required to complete the project as defined in your application and Engineering Report.

SECTION III - ACCEPTANCE

On Behalf of (Legal Name of Applicant)

Town of Black Mountain

I, the undersigned, being duly authorized to take such action, as evidenced by the attached CERTIFIED COPY OF AUTHORIZATION BY THE APPLICANT'S GOVERNING BODY, do hereby accept this Offer and make the assurances and accept the conditions contained therein.

Signature of Representative

Date

Name of Representative

Title