

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

OFFER AND ACCEPTANCE FOR STATE LOAN FOR WASTEWATER TREATMENT WORKS
PROJECTS UNDER THE NORTH CAROLINA CLEAN WATER REVOLVING
LOAN & GRANT ACT OF 1987 AND THE
FEDERAL CLEAN WATER ACT AMENDMENTS OF 1987 and AMERICAN RECOVERY AND
REINVESTMENT ACT OF 2009

SECTION I - OFFER

Legal Name & Address of Applicant Black Mountain, Town of 102 Montreat Road Black Mountain, North Carolina 28711	Federal Project No. 2W370873-01 State Project No. E-SRF-T-09-227
Total Estimated Project Cost	\$ 412,840
Total ARRA Assistance Amount Offered	\$ 412,840

Description of Project: **Lake Tomahawk Stormwater Management and Flood Mitigation**

Consideration having been given by the Department of Environment and Natural Resources to (a) the application submitted by the applicant in accordance with the Rules Governing State Loans for Wastewater Treatment Works Projects Pursuant to the North Carolina Clean Water Revolving Loan & Grant Act of 1987, the Federal Clean Water Act Amendments of 1987 and the American Recovery and Reinvestment Act of 2009, (b) the public benefits to be derived by the construction of this project, (c) the relation of 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, 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 funds made available by the Federal Clean Water Act Amendments of 1987 and the American Recovery and Reinvestment Act of 2009.

The Department of Environment and Natural Resources, acting on behalf of the State of North Carolina, hereby offers:

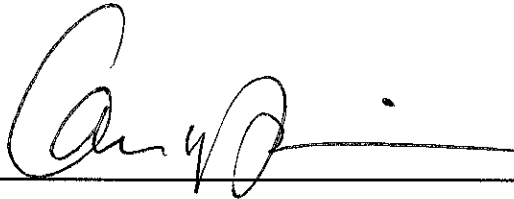
To make an ARRA loan to the above named applicant subject to the conditions and assurances included in this document to aid in financing the construction of the project pursuant to the Rules Governing State Loans for Wastewater Treatment Works Projects. The amount of the State loan will not exceed the 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 term of this loan shall not exceed 20 years at an interest rate of zero percent (0 %) per annum. The total loan to be repaid shall be ½ of the total project costs reimbursed. Principal forgiven shall be ½ of the total project costs reimbursed.**
2. **There is no closing fee for this loan.**
3. **This Offer must be accepted, if at all, within forty-five (45) days of receipt.**
4. **In addition to the assurances in Section II, the attached Standard Conditions for Federal SRF Loans are incorporated into this Loan Offer upon execution.**

For The State of North Carolina:

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

Signature		Date 8/2/09
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SECTION II - ASSURANCES

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

- 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) requires 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. 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 approved by the Department of Environment and Natural Resources, was or will be submitted to the Division of Water Quality for approval.
- E. 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.
- F. 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. Proof of adequate inspection is required as part of the Project Bid Information package.

- G. 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.
- H. Each Loan recipient will be required to submit an annual audit, prepared by an independent external auditor, to Construction Grants & Loans Section within six months after the end of the recipient's fiscal year.
- I. All funds loaned pursuant to the Clean Water Revolving Loan & Grant Act of 1987 and the American Recovery and Reinvestment Act of 2009, 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 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 completed Project Bid Information form and supporting documentation must be delivered to the Division of Water Quality by June 10th 2009 for Round 1 ARRA Awards.
- P. The Local Government Commission will forward the debt instrument after total project costs are established. The applicant must execute the debt instrument a minimum of ten (10) days prior to the request of disbursement of loan funds.
- Q. **By accepting this loan offer, the applicant agrees to the payment of a one percent (1%) closing fee if the Median Household Income threshold was neither met or exceeded. The payment of this fee is due within six months of the date of this loan offer. An invoice will be sent to the applicant when the Department of Environment and Natural Resources receives the executed offer.**
- R. Within thirty (30) days of the date of completion of the project, the applicant will make available to the

Construction Grants Section staff all project costs, for the purpose of making final adjustments to the Revolving Loan and debt instrument. The final debt instrument for ARRA projects will reflect repayment of 1/2 of the total project's reimbursed costs.

- S. All principal payments will be made annually on or before May 1st. The first principal payment is due not earlier than six months after the original date of completion of the project.
- T. 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 submitting the first reimbursement request.
- U. The applicant will comply with all applicable Sections of the American Recovery and Reinvestment Act of 2009. Special attention is brought to Section 1605, Buy American provisions, and Section 1606, Davis-Bacon requirements, which must be incorporated into the contract documents for the project.

Certification required by Section 1511 of the American Recovery and Reinvestment Act of 2009

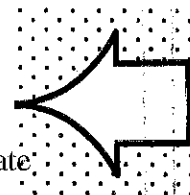
By signing this Loan Offer the Authorized Representative certifies that the project as described in this Loan Offer and in the approved Engineering Report and Plans and Specifications has received the full review and vetting required by law. Further, the Authorized Representative certifies that this project is an appropriate use of taxpayer dollars. The project will have an estimated total cost and receive ARRA funds estimated in the amount shown in Section I of this Loan Offer.

SECTION III - ACCEPTANCE

On Behalf of:

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	Date:		SIGN HERE
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Name of Representative in Resolution, Title (Type or Print)

STANDARD CONDITIONS FOR FEDERAL SRF LOANS
FOR CONSTRUCTION OF TREATMENT WORKS

A. GENERAL

1. The recipient shall comply with all provisions of the following Federal laws and authorities (super cross-cutters):
 - (a) Title VI of the Civil Rights Act of 1964 – 42 U.S.C. §2000d
 - (b) CFR 35.3145(c) (Civil Rights laws) and provide completed EPA 4700-4 form
 - (c) Section 13 of the Federal Water Pollution Control Act Amendments of 1972 – 33 U.S.C. §1251
 - (d) Section 504 of the Rehabilitation Act of 1973 – 29 U.S.C. §794
2. The recipient agrees to establish and maintain a financial management system that adequately accounts for revenues and expenditures.
3. Civil Rights and Labor Standard Requirements, and use of MBE (Minority Business Enterprise), WBE (Women’s Business Enterprise), and Small Businesses:
 - (a) Specific MBE/WBE (DBE) requirements are included in the SRF Special Conditions that are to be included in the contract specifications. Positive efforts shall be made by recipients, their consultants and contractors to utilize small businesses and minority-owned businesses for sources of supply and services. Such efforts should allow these sources the maximum feasible opportunity to compete for subagreements and contracts to be performed, utilizing Federal SRF funds. Documentation of efforts made to utilize minority and women-owned firms must be maintained by all recipients, consulting firms, and construction contractors, and made available upon request.
 - (b) The recipient shall not award contracts to any firm that has been debarred for noncompliance from the Federal Labor Standards, Title VI of the Civil Rights Act of 1964, as amended, or any firm that appears on the EPA’s list of debarred firms. The recipient shall also comply with 40 CFR 32. (Complete the Debarment Certification in the SRF Special Conditions)
 - (c) The recipient shall require all prime construction contractors, as part of their bid, to certify that subcontracts have not and will not be awarded to any firm that has been debarred for noncompliance from the Federal Labor Standards, Title VI of the Civil Rights Act of 1964, as amended, or Executive Order 11246, as amended, or any firm that appears on the EPA’s list of debarred firms. (Complete the Debarment Certification in the SRF Special Conditions for each Subcontractor)

- (d) The recipient shall require all contractors on the project to comply with the Department of Labor's Safety and Health Regulations for construction promulgated under the Occupational Safety and Health Act of 1970 (PL 91-946), under Section 107 of the Contract Work Hours and Safety Standards Act (PL 91-54).

4. Acquisition of Real Property:

The recipient shall comply with all applicable provisions of the Uniform Relocation and Real Property Acquisition Policies Act of 1970 (PL 92-646), as amended, in regard to acquisition of all real property, (including easements), for the project covered by this loan, and any resulting relocation of persons, businesses, or farm operations.

5. Prompt Payment and Payment Retainage:

It is the policy of the State of North Carolina to make timely periodic loan disbursements to the recipient, and to require the recipient to make prompt periodic payment on subagreements.

Partial disbursements on this loan will be made promptly upon request, subject to adequate documentation of incurred eligible costs, and subject to the recipient's compliance with the conditions of this loan and subsequent amendments;

- (a) The recipient agrees to make prompt payment to its contractor, and to retain only such amount as allowed by North Carolina General Statute.
- (b) The recipient agrees to include appropriate provisions in each construction contract, and to require the prime contractor to include them in all subcontracts, to implement this prompt payment requirement.

C. ACTION ITEMS:

1. The recipient shall conduct a preconstruction conference, if applicable, for each construction contract in cooperation with the State, and, in accordance with guidelines which shall be furnished by the State. The State should be invited to the conference.
2. Adequate time, not less than thirty (30) days, shall be allowed from the first date of publication to the date of bid opening, except in the case of ARRA funded projects which must be advertised in accordance with North Carolina General Statutes.
3. The Project Bid Information package, including MBE and WBE (DBE) requirements, must be submitted and approved prior to the State issuing an Authorization to Award letter.

4. The recipient shall not award any contracts for construction until the Authority to Award is given by the State.
5. The recipient shall notify the State immediately when contracts are awarded.
6. No loan disbursements will be made until the contract documents are submitted and approved.
7. No loan disbursements will be made on the engineering planning and design or construction phase services until the contracts are submitted and approved.
8. No loan disbursements will be made until clear site certificates are submitted.
9. No loan disbursements will be made until the recipient has enacted the User Charge System and the Sewer Use Ordinance, as approved by the State.
10. Eligible small purchases estimated to exceed \$10,000 require three informal bids for approval.
11. No more than ninety (90) percent of the loan may be disbursed before the final O&M Manual is submitted and approved.
12. The recipient shall complete project closeout procedures when construction of the project is complete. A State representative will provide guidance.
13. The recipient will submit annual audits in accordance with GS 159-34.
14. The recipient, one year after the completion of construction and initial operation of the wastewater facilities, shall certify whether or not such treatment works meet the design specifications and effluent limitations, according to the Department's Performance Certification Policy.

(Suggested Format)

RESOLUTION BY GOVERNING BODY OF APPLICANT

- WHEREAS,** the North Carolina Clean Water Revolving Loan and Grant Act of 1987 has authorized the making of loans and grants to aid eligible units of government in financing the cost of construction of wastewater treatment works, wastewater collection systems, and water supply systems, water conservation projects, and
- WHEREAS,** the North Carolina Department of Environment and Natural Resources has offered a (State Revolving Loan, Grant, or State Bond Loan) in the amount of \$_____ for the construction of (project description), and
- WHEREAS,** the (unit of government) intends to construct said project in accordance with the approved plans and specifications,

NOW, THEREFORE, BE IT RESOLVED BY THE (GOVERNING BODY) OF THE (UNIT OF GOVERNMENT):

That (unit of government) does hereby accept the (State Revolving Loan, Grant, or State Bond Loan) offer of \$_____.

That the (unit of government) does hereby give assurance to the North Carolina Department of Environment and Natural Resources that all items specified in the (loan or grant) offer, Section II - Assurances will be adhered to.

That (name and title of authorized representative), and successors so titled, is hereby authorized and directed to furnish such information as the appropriate State agency may request in connection with such application or the project; to make the assurances as contained above; and to execute such other documents as may be required in connection with the application.

That (unit of government) has substantially complied or will substantially comply with all Federal, State and local laws, rules, regulations, and ordinances applicable to the project and to Federal and State grants and loans pertaining thereto.

Adopted this the (date adopted) at (place), North Carolina.

(Signature of Chief Executive Officer)

Date

MEMORANDUM

TO: Loan Recipients

FROM: Leslie Rogers, Accountant, Planning and Administration

SUBJECT: Request for Reimbursements

Requests for reimbursement should be submitted as follows:

Two completed packages addressed to: Leslie Rogers
Accountant, Planning and Administrative
Division of Water Quality
Construction Grants & Loans Section
1633 Mail Service Center
Raleigh, North Carolina 27699-1633

Please enclose both copies in one envelope. One copy will be utilized for reimbursement purposes, and one copy will be filed. Each package should contain:

- a. Reimbursement request, one of which bears an original signature.
- b. Contractor monthly estimates (applicable only for construction).
- c. Invoices or other supporting documents for work and purchases completed (applicable for engineering, administrative, and/or equipment).
- d. Force account documentation for cost (if applicable).
- e. Additional supporting documentation as applicable.
- f. For land acquisition and/or relocation eligible for loan participation:
 - 1) Deed or receipt from Court showing that the grantee has deposited the fair market value of any property being acquired by condemnation.
 - 2) Statement of Just Compensation for land acquisition.
 - 3) Copy of offer to purchase

After initial review by the Division of Water Quality, if it is determined that additional information is necessary prior to approval of a payment request, the grantee will be notified by phone or letter outlining the information needed. Upon receipt of additional information and determination of approvability, the payment request will be approved and processed. Ten working days should be allowed for cutting of the check.

After initial review by the Division of Water Quality, if it is determined that additional information is necessary prior to approval of a payment request, the grantee will be notified by phone or letter outlining the information needed. Upon receipt of additional information and determination of approvability, the payment request will be approved and processed. Ten working days should be allowed for cutting of the check.

There are specific requirements that must be satisfied during the life of the project so as to receive prompt reimbursements. A list of these limitations is as follows:

1. **Payments cannot be processed until debt instrument has been executed and delivered. (Debt instrument cannot be processed until execution of Loan Offer and contract documents are approved.)**
2. Force account (if applicable) needs prior review and /or approval.
3. Pay request must have original signature of authorized representative.
4. No more than 90% will be paid until all sources of sales tax have been submitted.
5. A capital project ordinance for the project must be submitted prior to Receiving payments.

If you have any questions, or if this office can be of assistance, please contact me at (919) 715-6218.

Audit Compliance

For information regarding Audit Compliance, please contact the State Auditor's Office at (919) 733-3217.

Please reference the State Revolving Loan and Grant Program with proceeds provided by the Session Law 1998-132 of the 1997 General Assembly of North Carolina.

**Division of Water Quality
Construction Grants & Loans Section**

Project No. _____

Period Covered by this Report - From _____ To _____

SRF - Federal
SEL, SRL, SRG, -State

Recipient Organization

Name: _____

Payment No. _____

Address: _____

Page No. _____ of _____

City, State & Zip: _____

Status of Funds

Classification of	A	B	C	Total
Admin & Legal				
Land Costs				
Design Fees (Allowance)				
Engr's Fees Admin				
Inspection Fees				
Construction Cost				
Equipment				
Misc.				
Deductions (income)				
Total Cumulative to date				
Total Payments				
Previous Received				
Amount Requested				
Percent Completion				

Certification

I certify that to the best of my knowledge and belief the billed costs or disbursements are in accordance with terms of the project and that the request for payment represents the monies due which have not been previously requested and that an inspection has been performed and all work is in accordance with the terms of the award.

I further certify that the _____ will expend all of the requisitioned loan proceeds for the purpose of paying costs of the project within three (3) banking days after receipt of such funds from the state.

Recipient

Signature of Authorized Representative

Date

Type or Print Name and Title

MEMORANDUM

TO: All Loan and Grant Recipients

SUBJECT: Federal Identification Number

Please be advised that all local government units receiving grant or loan funds from the State of North Carolina must supply their Federal Identification Number to this office upon acceptance of your loan/grant offer. Therefore please complete this form at the bottom of this page and return to:

Ms. Leslie Rogers
Construction Grants and Loan Section
Division of Water Quality
1633 Mail Service Center
Raleigh, North Carolina 27699-1633

RECIPIENT	
PROJECT NUMBER	
FEDERAL IDENTIFICATION NUMBER	
ADDRESS: CORRESPONDENCE	
ADDRESS: PROJECT COST REIMBURSEMENTS (If different from the above address)	



North Carolina Department of Environment and Natural Resources

Division of Water Quality

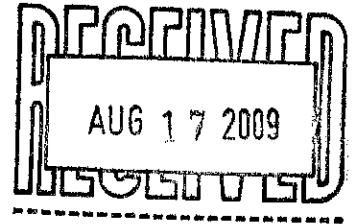
Beverly Eaves Perdue
Governor

Coleen H. Sullins
Director

Dee Freeman
Secretary

August 10, 2009

Marcy Oneil, Town Manager
Town of Black Mountain
102 Montreat Road
Black Mountain, North Carolina 28711



SUBJECT: Town of Black Mountain
Lake Tomahawk Project
Approval of the Funding Application for
American Recovery and Reinvestment Act of 2009
Project No. 2W370873-01

Dear Ms. Oneil:

The subject project was submitted for funding under the American Recovery and Reinvestment Act of 2009 (ARRA). Some ARRA conditions are different than base Clean Water State Revolving Fund (CWSRF) projects – **please carefully read this entire letter.**

The review for completeness and adequacy of the funding application including the project engineering report and construction documents submitted for consideration of funding under the ARRA has been concluded by the Construction Grants & Loans Section (Section) of the North Carolina Division of Water Quality. Therefore, said documents are hereby approved. A Determination of Minor Construction Activities for the project is attached for your files. A loan offer will be transmitted to you separately, contingent upon our confirmation of approval by the Local Government Commission.

Eligibility for Revolving Loan funding is determined as follows:

Eligible

Construction of six (6) off-line regional extended storm water wetland detention/sedimentation areas, consisting of approximately 21.5 acres, upstream of Lake Tomahawk and the replacement of the existing inlet control structure and valve.

Ms. Marcy Oneil
August 10, 2009
Page Two

In the event that received bids exceed the amount established through the funding offer, and local funds are not adequate to award contract(s), it will be necessary to consider all alternatives including redesign, re-advertising, and rebidding. Please note that the specifications must include the special provisions of the ARRA (i.e., buy American, Davis-Bacon wage requirements, job reporting) in addition to the regularly required SRF Special Conditions. Job reporting requirements have not been established by the US EPA at this time, but will likely include jobs created or retained, hours worked, type of jobs, etc.

Attached is one (1) copy of the Project Bid Information (Authority to Award) which is to be completed after bids have been received, and **submitted to Mr. Mark Hubbard, P.E., Assistant Section Chief, Construction Grants and Loans Section by September 15th for review.** Upon review and approval of this information, the Section will authorize the Recipient to award contracts. All elements required for a complete Bid Information package must be submitted to ensure a timely review by the Section.

The American Recovery and Reinvestment Act of 2009 requires expediency in contracting projects and, as such, contracts are expected to be executed by September 30, 2009. If these dates cannot be met, you must contact the Section with a detailed explanation and proposed alternative deadlines. Upon execution of contracts and issuance of Notice to Proceed, a bound set of contract documents must be submitted to the Section for approval. Funds cannot be dispersed until executed contracts are approved. While rejection of all bids is possible, such action may be taken only with prior Section concurrence, and only for good cause.

In the event that progress on the approved ARRA CWSRF project is not made in accordance with the loan agreement, construction contracts, or other pertinent requirements reimbursements may be withheld or suspended indefinitely. Funds not requested for reimbursement in a timely manner may also be reallocated to other ARRA ready-to-go projects on the final State project list.

Once the project costs are established, final awards may be adjusted downward in the case of low bids. Five percent contingency is included in the final amount to accommodate change orders and amendments to the engineering contract. In no case will awards be increased.

Neither the State nor Federal Government, nor any of its departments, agencies or employees is or will be a party to the invitation to bids, addenda, any resulting contracts or contract negotiations/changes.

Your project is subject to the one-year performance certification requirements. By this, you are required on the date one year after the completion of construction and initial operation of the subject treatment facilities, to certify, based on your consulting engineer's advisement, whether or not such treatment works meet the design performance, specifications and the permit conditions and effluent limitations.

In accordance with the Federal Regulations, the Recipient is required to assure compliance with the OSHA safety regulations on the subject project. In complying with this regulatory responsibility, the Recipient should, by letter, invite the Bureau Chief, Education Training and

Ms. Marcy Oneil
August 10, 2009
Page Three

Technical Assistance Unit, NC OSHA Division, 1101 Mail Service Center, Raleigh, NC 27699-1101 at (919) 807-2890, to participate in the Preconstruction Conference to assure that proper emphasis is given on understanding and adhering to the OSHA regulations.

It is the responsibility of the Recipient and the Consulting Engineer to insure that the project plan documents are in compliance with Amended N. C. G. S. 133-3 (ratified July 13, 1993). The administrative review and approval of these plans and specifications, and any subsequent addenda or change order, do not imply approval of a restrictive specification for bidding purposes; nor is it an authorization for noncompetitive procurement actions.

Any addenda to be issued for subject project plans and specifications must be submitted by the Recipient for review/approval action by the Section.

It is mandatory for project facilities to be constructed in accordance with the North Carolina Sedimentation Pollution Control Act, and, when applicable, the North Carolina Dam Safety Act. In addition, the specifications must clearly state what the contractors' responsibilities shall be in complying with these Acts.

A goal of 8% of the contract price is established for Minority Business Enterprise (MBE) participation in this project, and a goal of 5% of the contract price is established for Women's Business Enterprise (WBE) participation in this project. The Recipient and Bidders shall make a good faith effort to assure that MBE's and WBE's are utilized, when possible, as sources of goods and services. The good faith effort must include the following affirmative steps: (a) including small, minority, and women's businesses on solicitation lists; (b) assuring that small, minority, and women's businesses are solicited whenever they are potential sources; (c) dividing total requirements, when economically feasible, into small tasks or quantities to permit maximum participation by small, minority, and women's businesses; (d) establishing delivery schedules, and (e) using the services of the Small Business Administration and the Minority Business Development Agency of the U.S. Department of Commerce. Please note that the solicitation efforts should include documentable follow-up phone calls. **Documentation of good faith efforts must be submitted with the Bid Information package.**

The Recipient shall comply with the provisions of 40 CFR, Part 7, Subpart C - Discrimination Prohibited on the Basis of Handicap.

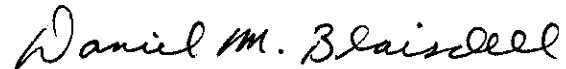
Two (2) copies of any change order must be promptly submitted by the Recipient to the Section. If additional information is requested by the Section, a response is required within two (2) weeks, or the change order will be returned without further or final action.

One (1) set of plans and specifications identical to the approved set must be available at the project site at all times. Upon completion of the project construction, the Recipient shall submit a letter confirming that the project has been constructed in accordance with the plans and specifications approved by the Section. "As-built" plans will need to be submitted with any changes clearly documented on the plans if the above confirmation cannot be made.

Ms. Marcy Oneil
August 10, 2009
Page Four

If there are any questions concerning this matter, please do not hesitate to contact Kim H. Colson, P.E. at (919) 715-6212 or Mark Hubbard, P.E. at (919) 715-6224.

Sincerely,



Daniel M. Blaisdell, P.E., Section Chief
Construction Grants & Loans Section

Attachments: Determination of Minimum Construction Activity
Bid Information Form

KHC:MM

cc: J.P. Johns, P.E., McGill Associates, P.A., 55 Broad Street, Asheville, NC 28801 OSHA
Bureau Chief, Anne Weaver
DWQ Asheville Regional Office
Mark Hubbard, P.E.
Jennifer Haynie
CIG
SRF

Determination of Minor Construction Activity

North Carolina Division of Water Quality Construction Grants and Loans Section

Project Applicant: Town of Black Mountain
Date: July 29, 2009
Project Number: 2W370873-01
Estimated Project Cost: \$ 412,480
Estimated Funding Amount: \$ 412,480

Project Description: The Town of Black Mountain proposes to construct a regional project to reduce the adverse stormwater quality impacts of urban stormwater runoff to Tomahawk Branch, Lake Tomahawk, and the Swannanoa River. This entire project will take place on Town of Black Mountain property. This project involves the construction of 6 off-line regional extended stormwater wetland detention/sedimentation areas upstream of Lake Tomahawk and the replacement of the existing inlet control structure and valve. This project will create over 21.5 acre-feet (34,600 yd³) of additional storage capacity and prevent sediment (TSS) from entering the lake by providing sediment removal and storage in a location designed for easy sediment removal. The new regional stormwater detention areas will utilize native riparian wetland vegetation to assist in the removal of additional urban runoff pollutants such as nitrogen and phosphorus. The new stormwater detention areas will also provide flood control and reduce the erosive velocities of stormwater runoff.

The above named applicant intends to apply for assistance from the State Revolving Fund program associated with the American Recovery and Reinvestment Act of 2009 to construct the wastewater facilities described above. The North Carolina Division of Water Quality (DWQ) has conducted a review of the project in accordance with the procedures (NCAC 15A Subchapter 1C) for conformance with the North Carolina Environmental Policy Act. The DWQ has determined that this project is a minor construction activity, and that the preparation of additional environmental documents is not required.

This determination shall become effective upon its distribution by DWQ. This determination can be revoked at any time adverse information is made available. The documentation to support this decision will be on file with the North Carolina Department of Environment and Natural Resources, Division of Water Quality, Construction Grants and Loans Section, and is available for public review at www.nccgl.net.

Comments concerning this decision may be addressed to Mr. Kim H. Colson, P.E., Assistant Chief, Construction Grants and Loans Section, Division of Water Quality, 1633 Mail Service Center, Raleigh, North Carolina 27699-1633, or he may be reached by phone at (919) 715-6212.

Sincerely,

Daniel M. Blaisdell

Daniel M. Blaisdell, P.E., Chief
Construction Grants and Loans Section
Division of Water Quality

PROJECT BID INFORMATION

Previously referred to as the "Part B" in State programs

Previously referred to as the "Project Review and Cost Summary" in Federal programs

AWARD RECIPIENT INFORMATION

Name _____
Address _____

Project Number _____

BID INFORMATION

Attach the following supplemental information and submit with this form:

- (a) Tabulations of all bids received (sealed by engineer).
- (b) Copies of the bid(s) and bid bond the applicant wishes to accept.
- (c) Resolution of tentative award.
- (d) Engineer's recommendation of award letter.
- (e) Proof of advertisement
- (f) MBE/WBE Requirements:

State Programs

- Include affidavits A, B, C or D as required.
- Submit certification of subcontract awards to minority business firms with documentation to comply with G.S. 143-128.2. (Complete attached form)

Federal Programs (SRF and STAG)

- Documentation of Contractor's "good faith" effort to procure MBE/WBE subcontractors.
- Certification regarding debarment, suspension and other responsibility matters for each prime and subcontractor.

ADDITIONAL INFORMATION

Addenda

All addenda must be submitted to CG&L for approval prior to opening bids. Changes to the scope of the project may require a permit modification.

Site Certificates (2)

Submit if not previously submitted or if changes have occurred.

Additional Items

- Land Costs (State Loans & Grants Only) Submit form if seeking payment.
- A/E Contracts – Submit for approval if seeking payment.
- Sewer Use Ordinance, User Charge System and Sewer budget (SRF Only) Payments stop at 90% of total project costs if not approved.
- 4700 Form (SRF Only)
- Submit proof of adequate resident inspection (resume of inspector).

PROJECT COST SUMMARY		
List contractor names below:	TOTAL	ELIGIBLE
1.	\$	\$
2.		
3.		
4.		
5.		
EQUIPMENT AND MATERIALS		
SUBTOTAL	\$	\$
TECHNICAL SERVICES (attach contract)		
LEGAL		
ADMINISTRATIVE		
CONTINGENCY (5% of construction)		
OTHER (specify) ⇨		
REAL PROPERTY ACQUISITION COSTS		
CLOSING COSTS		
TOTAL	\$	\$

REVENUE SOURCES FOR PROJECT CONSTRUCTION	
List funds that are available for this project:	AMOUNT
CASH	\$
GENERAL OBLIGATION BONDS	
REVENUE BONDS	
OTHER (specify)	
FEDERAL LOAN/GRANT (specify agency) ⇨	
STATE LOAN	
STATE GRANT	
TOTAL	\$

The undersigned representative of the Recipient certifies that the information contained above and in any attached statements and material in support thereof is true and correct to the best of his or her knowledge.

Signature of Authorized Representative

Name and Title (type or print)

Date

INSTRUCTIONS FOR SUBMITTING PROJECT BID INFORMATION FORM

This information must be submitted as soon as possible after construction bids are opened.

For STAG and State projects send to:

Don Evans
Construction Grants and Loans Section
1633 Mail Service Center
Raleigh, NC 27699-1633

For SRF Projects send to:

Kavitha Ambikadevi
Construction Grants and Loans Section
1633 Mail Service Center
Raleigh, NC 27699-1633

Page 1

Enter all requested information such as, Name, Address, and Project Number. Documentation listed from (a) to (f) must be submitted. Addenda should be submitted before bids are opened with enough time for CG&L to approve them (7 days). Site information should be attached if not previously submitted.

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PROJECT COST SUMMARY

- (1) Enter the contractor's company or corporate name. Enter the amount of the bid or bids the applicant wishes to accept.
- (2) If equipment or materials are to be or have been purchased outside the construction contracts, enter the estimated or actual costs as applicable.
- (3) If not previously submitted, attach copies of any engineering contracts or agreements. Formal agreements are required for disbursement of funds.
- (4) Contingency is limited to 5% of the total construction bid amount.
- (5) Appraisals and a copy of the Deed are required for disbursement of real property costs.
- (6) Closing costs are not eligible for reimbursement under the SRF. They are 1.5% for State Grants, 2% for SRF Loans and 2.5% for State Loans.

REVENUE SOURCES FOR PROJECT CONSTRUCTION

- (1) Enter the amount of general obligation bonds and revenue bonds authorized but not yet sold for this project.
- (2) Enter the amount of the grant, if any, offered by Federal or State Agency(s) and list name of agency(s).
- (3) Enter the amount of the loan or grant offered.
- (4) Total funds available must equal or exceed the Total Project Cost.

The form must be signed by the applicant's **authorized representative**.

**CERTIFICATION
OF SELECTION OF MINORITY CONTRACTORS (State Programs Only)**

RECIPIENT	
PROJECT TITLE	
PROJECT NO.	

THE TOWN DOES HEREBY CERTIFY THAT IT HAS MET THE REQUIREMENTS OF G.S. 143-128.2 IN REFERENCE TO MINORITY BUSINESS CONTRACTS FOR THIS CONSTRUCTION PROJECT. THE CONTRACTOR HAS MET THE GOALS ESTABLISHED BY RESOLUTION OF THE TOWN AND THE FOLLOWING CONTRACTS MEET THE REQUIREMENTS ADOPTED BY THE TOWN:

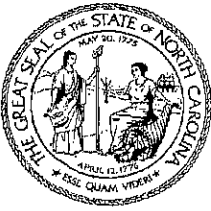
signature of authorized representative

_____ name of authorized representative

PLEASE LIST CONTRACTORS AND MINORITY SUBCONTRACTORS:

1.	CONTRACT:	AMOUNT
		\$
	MINORITY CONTRACT:	AMOUNT
		\$
	MINORITY CONTRACT:	AMOUNT
		\$
2.	CONTRACT:	AMOUNT
		\$
	MINORITY CONTRACT:	AMOUNT
		\$
	MINORITY CONTRACT:	AMOUNT
		\$
3.	CONTRACT:	AMOUNT
		\$
	MINORITY CONTRACT:	AMOUNT
		\$
	MINORITY CONTRACT:	AMOUNT
		\$

CONTINUE IF MORE THAN THREE CONTRACTS



NORTH CAROLINA
DEPARTMENT OF STATE TREASURER
STATE AND LOCAL GOVERNMENT FINANCE DIVISION
AND THE LOCAL GOVERNMENT COMMISSION

JANET COWELL
TREASURER

T. VANCE HOLLOMAN
DEPUTY TREASURER

MEMORANDUM # 2010-3

TO: All Local Governments and Public Authorities and their Independent Auditors
FROM: Sharon Edmundson, Director, Fiscal Management Section
SUBJECT: Budgeting and Accounting for Principal Forgiveness SRF Loans – ARRA
DATE: July 6, 2009

As part of the American Recovery and Reinvestment Act of 2009 (ARRA), "Principal Forgiveness" loans are being awarded to units by the Environmental Protection Agency (EPA) through the State Revolving Fund program administered by the North Carolina Department of Environment and Natural Resources (DENR). Questions have been raised about how to budget and account for these loans for the initial as well as the ensuing years. Below we have provided examples of both budget and accounting entries. These loans were made for water and/or sewer capital purposes. We have therefore assumed that the funds are being budgeted and accounted for in a multi-year enterprise capital projects fund. The "principal forgiveness" portion of the loan is forgiven immediately and therefore not amortized over time. The following should aid you in budgeting and recording these grants/loans.

Budget Entries

Initial Year of Principal Forgiveness Loan

Budgets are prepared on the modified accrual bases of accounting therefore the gross amount of the proceeds should be recorded as revenue along with the associated expenditures.

Capital expenditures	\$50,000	
Principal Forgiveness Grant		\$25,000
Debt proceeds		\$25,000

Initial and Subsequent Years of Principal Forgiveness Loan

The budget should include actual payments (principal and interest) every year for the life of the loan (amounts paid that were not forgiven).

Accounting Entries

Initial Year of Principal Forgiveness Loan

Immediately after receipt of loan proceeds an amount should be recorded as “principal forgiveness loan” (non-operating revenue account) for the amount of principal that was forgiven. The unit also should set up a loan payable account for the part of the proceeds that will be repaid. The offsetting entry is cash.

Cash	50,000	(balance sheet account)
Principal Forgiveness Loan	25,000	(capital contribution revenue account)
Loans Payable	25,000	(balance sheet account)

Initial and Subsequent Years of Principal Forgiveness Loan

Loan payments being made should be recorded as expenditures and offset against the loans payable account or interest expenditures, as you would with any other debt. These entries will continue until the loan is repaid.

Please contact Jim Burke at (919) 807-2389 or by email at james.burke@nctreasurer.com or Melinda Canady at (919) 807-2384 or via email melinda.canady@nctreasurer.com with any questions you may have.