CITY OF MONROE - GENERAL SERVICES COMMITTEE
CITY HALL CONFERENCE ROOM
300 W. CROWELL STREET, MONROE, NC 28112
Thursday, February 18, 2021 - 4:00 PM

AGENDA
www.monroenc.org

1. Minutes of General Services Committee Meeting of January 21, 2021

2. One North Carolina Grant Award for MBP Acquisition, LLC d/b/a Hamilton Drywall Products

3. Disposal by Auction Sale of 1999 Volvo Dump Truck

4. Fiscal Year 2021 Audit Contract for City of Monroe

5. Outside Agency Funding Requests for Fiscal Year 2022 Budget

Other Items

CITY OF MONROE
GENERAL SERVICES COMMITTEE MEETING
City Hall Conference Room
300 W. Crowell Street
Monroe, NC 28112
January 21, 2021 4:00 PM

MINUTES

Present: Committee Member Lynn Keziah (Chairman), Committee Member Mayor Pro Tem Marion Holloway, Committee Member Franco McGee

Absent: Committee Member Hayden Munn, Committee Member Gary Anderson

Staff: Larry Faison, City Manager; Lisa Strickland, Finance Director; Brian Borne, Assistant City Manager; Sarah McAllister, Interim Engineering Director; Ron Mahle, Assistant Director of Economic Development; S. Mujeeb Shah-Khan, City Attorney; Bruce Bounds, IT Director (by Zoom call); Hannah Parker, Accountant I

Visitor(s): None

The General Services Committee met in the City Hall Conference Room at 4:00 p.m. on January 21, 2021. A quorum was present. Chairman Keziah presided.

Item 1. General Services Committee Meeting Minutes from November 19, 2020.
Mayor Pro Tem Holloway moved to approve the Minutes of the General Services Committee Meeting of November 19, 2020.

Committee Member McGee seconded the motion, which unanimously passed with the following votes:

AYES: Chairman Keziah, Mayor Pro Tem Holloway, Committee Member McGee

NAYS: None

Item 2. Shining Light Baptist Church Property Donation.
Assistant City Manager, Brian Borne presented the proposal to accept donation of the property at 2007 Pindell Avenue; currently owned by Shining Light Baptist Church. The Church has offered to donate the property to the City of Monroe if the property is used for public benefit. The donation consists of three parcels.

Monroe Parks and Recreation is considering utilizing this property for future recreation for programmed day camp activities and not open for daily use. Potential programming and facilities for the above parcel could include fishing, team building challenge courses, picnicking, and other day camp activities. An assessment was performed on the site to determine if any constraints towards the above potential use were present. The assessment determined that the property is suitable for the intended use outlined above.

In order to proceed, a boundary assessment and environmental study will need to be completed. In order to complete the assessment and study a budget amendment is needed for $17,300. If all results come back good, this recommendation to accept with come back to the Committee and then on to Council.

Shining Light Baptist Church requests that the City of Monroe consider the following items:

- Placing a permanent marker in easy to see place on the property (see sample below) to recognize the gift
    - Permanent marker to state something to this effect:

- Lake Minnehaha
  “Lake of Many Laughs”
  Built in 19?? By Mr. O.V. McGee

  Donated to the Residents
  of the City of Monroe
  North Carolina

  By Your Friends at
  Shining Light Baptist
  Church and Academy
  (Date)
  “In God We Trust”

- Keep the water wheel in place as a landmark (as long as in good condition)
- Remove the non-established house
- Cover boundary survey and closing costs

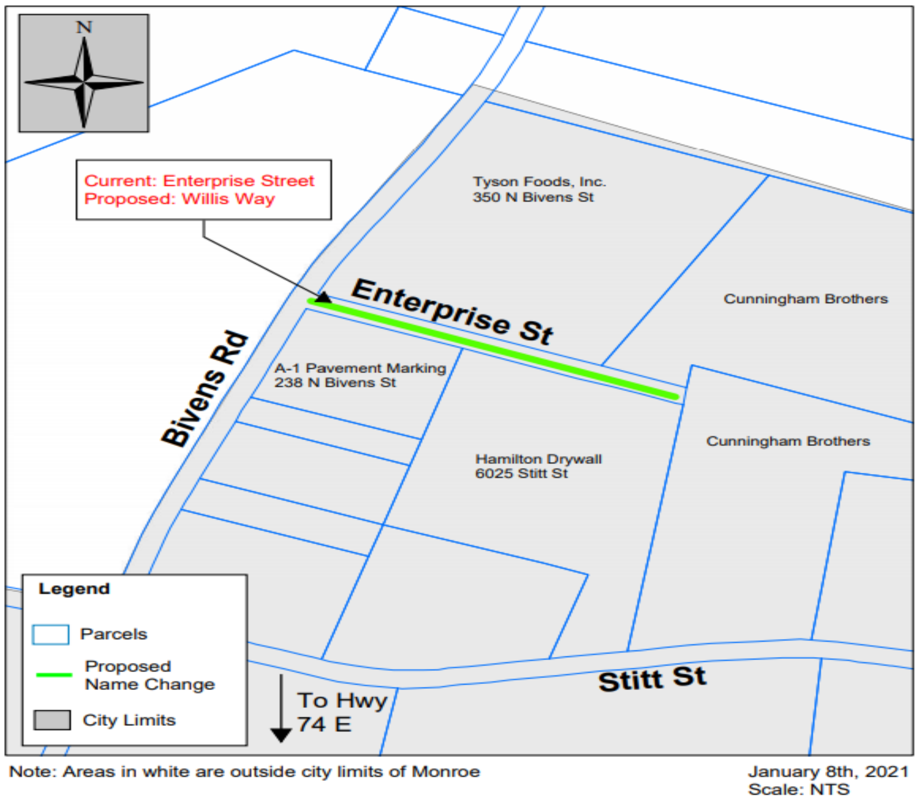
Staff recommends that the General Services Committee recommend to Council the acceptance of the budget amendment for $17,300 in order to proceed with negotiations in accepting the donation of the property. This recommendation includes the requests listed above and that the manager be authorized to execute all documents as required with this transaction. With Committee approval, this item will be placed on the Wednesday, February 10, 2021 City Council Consent Agenda.

Mayor Pro Tem Holloway made a motion to recommend the acceptance of the donation property to Council.

Committee Member McGee seconded the motion, which unanimously passed with the following votes:

AYES: Chairman Keziah, May Pro Term Holloway, Committee Member McGee
NAYS: None

Item 3. Renaming Enterprise Street to Willis Way.
Interim Engineering Director, Sarah McAllister presented a request from Hamilton Drywall Products to rename Enterprise Street to Willis Way. This street is located off Bivens Road and there are currently no parcels with an Enterprise Street address. Economic Development has advised that the owners of the three parcels adjacent to Enterprise Street were contacted and agree to the name change. The owners of the adjacent properties are Tyson Foods, A-1 Pavement Marking and Cunningham Brothers.



Proposed Renaming of Enterprise Street to Willis Way
From: Bivens Road to End

Hamilton Drywall Products will have a Stitt Street address but will receive deliveries on the Enterprise Street side of the building. The name "Willis Way" has been approved by E-911 Emergency Services for use.

Staff recommends approval of Resolution 2021-05 renaming Enterprise Street to Willis Way. With the Committee's approval, this item will be placed on the February 10, 2021 City Council Consent Agenda for Council approval.

Committee Member McGee made a motion to recommend the approval of renaming Enterprise Street to Willis Way to Council.

Mayor Pro Tem Holloway seconded the motion, which unanimously passed with the following votes:

AYES: Chairman Keziah, Mayor Pro Tem Holloway, Committee Member McGee

NAYS: None

Item 4. Budget Ordinance and Change Order for City Financial System.
Finance Director, Lisa Strickland presented a request for approval of a change order in the amount of $449,601 and a budget ordinance in the amount of $467,651 for additional components of the new ERP

system. This recommendation includes utilizing Tyler Technologies for Utility Billing, Enterprise Asset Management, Executime and Risk Management.

City Council approved Tyler Technologies' Munis product as a replacement ERP system on March 3, 2020. When this original purchase was made, staff was still evaluating the Utility Billing module for replacement. After review, staff recommends the purchase of the Munis Utility Billing Module, as well as additional licenses for the Enterprise Asset Management Module. This purchase will increase efficiency and capabilities to track expenses and maintenance performed.

After evaluation of the timekeeping portion of Munis, staff decided that the Executime Module should be purchased in order to maintain the ability to punch in and out. The City is currently due for an upgrade in the current time keeping program and the annual support fees are cheaper with Tyler Technologies. As with the modules above, utilizing this module will increase efficiencies.

In addition, the Risk Management Module to track claims was inadvertently excluded. Staff would like to add this module back to the purchase. The additional costs associated with this purchase are $1,800 for the SQL Server and $16,250 for the closing costs on the installment financing.

Staff is recommending a change order in the amount of $449,601 that is broken up into the following module purchases:

Utility Billing	$145,498
Enterprise Asset Management	231,544
Executime	65,495
Risk Management	7,064

The General Fund portion of this purchase is $134,048 and the remainder is allocated to the utility funds.

Staff is also recommending a Budget Ordinance in the amount of $467,651 to cover the cost of the change order and closing costs.

Mayor Pro Term Holloway asked if Tyler Technologies was a reputable company for this software change. Lisa Strickland advised that references were contacted and Tyler Technologies has been great to work with thus far.

Mayor Pro Tem Holloway made a motion to recommend the acceptance of the budget ordinance and change order for the Munis Financial Software System and forward to full Council.

Committee Member McGee seconded the motion, which unanimously passed with the following votes:

AYES: Chairman Keziah, Mayor Pro Tem Holloway, Committee Member McGee

NAYS: None

Item 5. Budget Amendment for Budgetary Compliance for Fiscal Year 2021.
Finance Director, Lisa Strickland proposed various adjustments to the Fiscal Year 2021 Budget in order to recognize unanticipated activity while maintaining budgetary compliance.

Budget Amendment BA-2021-04 is for the items below:

1. Amendment in the amount of $12,300 to provide funding for the replacement of a vehicle that was a total loss due to an accident in the police department. Proceeds for the value of the vehicle were received from the insurance company.
2. Amendment to correct BA-2020-19 for the CARES grant for the airport. This grant was accrued to Fiscal Year 2020 so revenue will not be recognized in Fiscal Year 2021. This correction reverses BA-2020-19 adopted on July 21, 2020.
3. Amendment to correct overtime budget for the Natural Gas Maintenance division. Amount entered into the payroll budgeting system was $4,065. The correct amount should be $40,020. An amendment is proposed for the difference of $35,955.
4. Amendment to adjust debt service and administrative reimbursement budgets. Debt was originally budgeted in Tourism Fund, but according to state statute, debt cannot be held by this fund. The

debt will be paid from General Fund and Tourism Fund will reimburse the General Fund for their share of the expense. This amendment adjusts the accounts accordingly in the General Fund.

5. An amendment is necessary to appropriate the refinancing expense and offsetting loan proceeds for the Combined Enterprise System Revenue Refunding Bonds Series 2020A and 2020B, including issuance costs. The refinancing closed on December 8, 2020. As outlined in the series resolution, the issuance costs are being funded by the new 2020 Combined Enterprise System Revenue Refunding Bonds proceeds.
6. Amendment to correct commercial cleaning expense budget in the amount of $13,809.

Staff recommends that General Services forward to City Council with recommendation to adopt a Budget Amendment for various budget adjustments for Fiscal Year 2021.

Committee Member McGee made a motion to recommend the approval of the budget amendment BA-2021-04 to Council.

Mayor Pro Tem Holloway seconded the motion, which unanimously passed with the following votes:

AYES: Chairman Keziah, Mayor Pro Tem Holloway, Committee Member McGee

NAYS: None

Item 6. Boggs Paving – Property Tax Refund Claim.

City Attorney, S. Mujeeb Shah-Khan presented the final property tax refund payment due to Boggs Paving from a refund claim presented in 2018.

On August 2, 2018, Boggs Paving submitted a claim to the City Council providing a dense to property taxes paid and requesting a refund of $135,471.09 in property taxes, interest and penalties paid from 2012-2017 on machinery, equipment, leasehold improvements, furniture and fixtures. The refund request is pursuant to North Carolina General Statutes §105-381.

On August 20, 2019, the City Council authorized a refund of $45,876.19 to Boggs, which related to assets identified by the discovery audit, but in actuality were not present in North Carolina. On May 5, 2020, the City Council authorized a further refund of $32,934.13 that represented taxes on assets that while present in Union County, were actually not in the City of Monroe.

Of the original $135,471.09 refund request, $56,660.77 remains outstanding. The remaining tax refund relates to assets that were incorrectly listed on forms by Boggs as being within the City.

Staff requests that the General Services Committee recommend to Council to refund Boggs Paving $56,660.77 in property taxes.

Mayor Pro Tem Holloway made a motion to recommend the approval of the property tax refund for Boggs Paving.

Committee Member McGee seconded the motion, which unanimously passed with the following votes:

AYES: Chairman Keziah, Mayor Pro Tem Holloway, Committee Member McGee

NAYS: None

There being no further business the meeting adjourned at 4:18 p.m.

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Committee Chairman, Lynn Keziah

STAFF REPORT

TO:	General Services Committee
VIA:	E.L. Faison, City Manager
DATE:	February 18, 2021
FROM:	R. Christopher Platé, Executive Director of Economic Development
PREPARED BY:	R. Christopher Platé, Executive Director of Economic Development
SUBJECT:	One North Carolina Grant Award for MBP Acquisition, LLC d/b/a Hamilton Drywall Products

SUMMARY STATEMENT

This is a request of Monroe City Council to accept funds in the amount of $50,000 received from the State of North Carolina's One NC Fund Grant for MBP Acquisition, LCC d/b/a Hamilton Drywall Products as part of the incentive package developed in the recruitment of this company to our community in 2020.

REVIEW

In 2020, as part of a comprehensive economic development incentive package developed by Monroe-Union County Economic Development, MBP Acquisition, LLC d/b/a Hamilton Drywall Products was awarded $50,000 in grant funds from the State of North Carolina One NC Fund Grant Program. MBP Acquisition, LLC d/b/a Hamilton Drywall Products has committed to create 31 jobs by December, 2022, and a targeted new investment of $4,500,000.

RECOMMENDATION

Staff requests that the General Services Committee recommend to Council at the March 9, 2021, Regular Meeting to approve the acceptance of these funds, to authorize City Manager Faison to execute the Local Government and Company Performance Agreements and to adopt a Budget Amendment appropriating the funds.

Attachment(s):
Budget Amendment BA-2021-06,
Local Government Grant Agreement (5 pages),
Terms of One NC Grant (3 pages),
Company Performance Agreement (12 pages),
Exhibit A Local Government Disbursement Request and Certification (2 pages)

BUDGET AMENDMENT
BA-2021-06

1. Amendment necessary to designate and appropriate funds for a One North Carolina Economic Development Grant for MBP Acquisition, LLC d/b/a Hamilton Drywall Products.

General Fund:

Revenues:

Restricted Intergovernmental Revenues	$50,000

Expenditures:

Economic and Physical Development	$50,000

Adopted this 9th day of March, 2021.

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Bobby G. Kilgore, Mayor

Attest:

____
Bridgette H. Robinson, City Clerk

LOCAL GOVERNMENT GRANT AGREEMENT

THE ONE NORTH CAROLINA FUND

Local Government Name: City of Monroe **Grant No. 2020-26964**

Project Name: MBP Acquisition, LLC d/b/a Hamilton Drywall Products

STATE OF NORTH CAROLINA

COUNTY OF WAKE

GRANT AGREEMENT

This Local Government Grant Agreement (the "**LGGA**") is effective the 14th day of October 2020 (the "**Effective Date**") by and between the **City of Monroe, North Carolina** (hereinafter referred to as the "**Local Government**"), and the **North Carolina Department of Commerce** (hereinafter referred to as "**DOC**");

WITNESSETH:

WHEREAS; the Local Government desires to stimulate and develop the local economy of its region, alleviate the problems of unemployment and underemployment by creating and/or retaining jobs for its citizens, and develop its local tax base; and

WHEREAS; the General Assembly has created the One North Carolina Fund (the "**Program**") to make funding available within North Carolina "to secure commitments for the recruitment, expansion or retention of new or existing businesses"; and

WHEREAS; the General Assembly has authorized Program funds to be used for installation or purchase of equipment; structural repairs, improvements, or renovations to existing buildings to be used for expansion; construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines or equipment for existing buildings; and construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines or equipment for new or proposed buildings to be used for manufacturing and industrial operations; and

WHEREAS; the Local Government has applied for funds in connection with activity to be undertaken by MBP Acquisitions, LLC d/b/a Hamilton Drywall Products (the "**Company**"), a business that has competitively chosen to locate or expand operations for the following project (the "**Project**") in North Carolina:

> A plant (the "**Facility**") at which the Company will manufacture drywall finishing products to be located in or around 6029 Stitt Street in the City of Monroe in Union County, North Carolina.

WHEREAS; the Local Government has committed to provide matching funds and resources for the Project equal to at least the amount set forth in N.C. Gen. Stat. § 143B-437.72(c)(1) (the "**Match**"); and

WHEREAS; the Local Government's application (the "**Local Government Application**") has been approved by DOC for funding, based on the Local Government's commitments, and the commitments made by the Company in its Program application (the "**Company Application**"); and

WHEREAS, the Company has executed an agreement (the "**Company Performance Agreement**" or "**CPA**") with the Local Government reflecting the Company's commitments to expand, create and/or retain jobs and to take other actions that will support North Carolina's economic development, and the terms on which funds will be made available for such activity from the Program.

NOW THEREFORE, in consideration of the mutual covenants and promises set forth below, the Local Government and DOC hereby agree as follows:

I. DOC COMMITMENTS AND GRANT CONDITIONS

(a) DOC agrees to provide Program fund in the maximum amount of Fifty Thousand Dollars ($50,000.00) for the Project (the "**Grant**"), in accordance with the terms of this LGGA and the CPA.

(b) Grant payments disbursed under this LGGA will be disbursed to the Local Government pursuant to N.C. Gen. Stat. § 143B-437.70 *et seq.,* the terms of the Program Guidelines and Procedures for Commitment of Funds from the One North Carolina Fund, established pursuant to N.C. Gen. Stat. § 143B-437.73 and in effect as of the effective date of this LGGA (the "**Program Guidelines**"), consistent with the terms and schedule established in the CPA.

(c) Grant disbursements are conditioned upon the execution of the CPA between the Local Government and the Company, and any other required parties thereto, in a form acceptable to DOC

(d) To receive a Grant disbursement, the Local Government must provide or cause to be provided to DOC a properly executed CPA, proof that the Company has performed its obligations under the CPA, proof that the Local Government has met its obligation to provide the Match, a duly executed completed disbursement request and certification in the form of Exhibit A hereof (the "**Local Government Disbursement Request**"), and a duly executed completed Company's disbursement request and certification in the form of Exhibit A to the CPA (the "**Company Disbursement Request**").

II. LOCAL GOVERNMENT'S COMMITMENTS

(a) The Local Government agrees to perform the Program and to abide by all commitments, terms and representations in the Local Government Application.

(b) The Local Government agrees to provide the Match in a manner consistent with N.C. Gen. Stat. § 143B-437.72(c)(1), the Program Guidelines and Procedures, and the Local Government Application. The Local Government will provide to the DOC a copy of the duly executed agreement between the Local Government (or other local entity) and the Company governing the local incentives that will be provided to the Company for the Project (the "**Local Incentive Agreement**"), at the time the Local Government returns the executed LGGA. The Company will be ineligible for a Grant disbursement until the Local Incentive Agreement is provided to the DOC. The Local Government will report to the DOC the amount of each incentive payment that is provided to the Company under the Local Incentive Agreement, within thirty (30) days of the date on which it is provided, whether or not the CPA remains in effect.

(c) The Local Government agrees to take all steps reasonably necessary to ensure and to establish to DOC that the required levels of jobs are created and/or retained, the required salary levels are achieved, the required levels of investments are made, statutorily qualifying expenses are incurred, any required environmental permits are obtained, and any other required performance criteria are satisfied, and that no Grant funds are disbursed until the performance criteria in the CPA have been met.

(d) The Local Government agrees to take whatever steps may be reasonably necessary to ensure and to establish to DOC that Grant funds disbursed by the Local Government are used only for purposes allowed under the statutory authority creating the Program.

(e) The Local Government agrees to take whatever steps may reasonably be required, after consultation with the Secretary of DOC (the "**Secretary**") and not inconsistent with the Secretary's authority under the CPA, to recapture all disbursed funds for which the Local Government and DOC have a right to be reimbursed.

(f) The Local Government acknowledges that DOC has a right to recapture funds under the CPA and that such right does not relieve the Local Government of its own responsibility to recapture funds.

(g) The Local Government agrees to otherwise reimburse DOC for any funds improperly disbursed, provided, however, that Local Government is under no obligation to reimburse DOC for any improperly disbursed funds that were disbursed with DOC's prior permission.

(h) The Local Government agrees to keep and maintain books, records, and other documents relating to the receipt and disbursement of the Grant and the fulfillment of this LGGA. The Local Government shall provide any information DOC requests in order to produce reports or compile data required by the General Assembly. If the Local Government fails to keep and maintain books and records necessary for verifying fulfillment of this LGGA, the Secretary may in his discretion declare this LGGA to be in default, withhold payments for or under this LGGA, and/or require reimbursement of all or any portion of Grant funds previously paid. Prior to taking such action, the Secretary will endeavor to communicate with the Local Government and the Company to discuss the circumstances and the actions being contemplated.

(i) The Local Government agrees to provide any duly authorized representative of DOC or the State of North Carolina at all reasonable times access to and the right to inspect, copy, monitor, and examine all of the books, papers, records, and other documents relating to the Grant for a period of three years following the last payment of Grant funds or for the inspection period specified in the CPA, whichever is longer. To the extent any information or documents gathered pursuant to this section would be regarded as confidential or not subject to disclosure under federal law or the North Carolina General Statutes (to include, without limitation, N.C. Gen. Stat. §§ 132-1 *et seq.,* commonly referred to as the "Public Records Act"*),* the Local Government shall clearly identify and mark them as such and that information will, to the extent allowed by law, be treated as confidential and not subject to disclosure by DOC and its authorized representatives. If the Local Government fails to provide such access and right of inspection, the Secretary may exercise discretion to declare this LGGA in default, to withhold payments under this LGGA and/or require reimbursement of all or any portion of the Grant paid.

(j) The Local Government shall comply with all lawful requirements of DOC, all applicable requirements of the General Statutes of the State of North Carolina, and any other applicable laws and/or Executive Orders currently or hereafter in force.

(k) In the event that the Company fails to fulfill their responsibilities under the Company Application and/or CPA, including their responsibilities to create and/or retain jobs, make investments, and incur statutorily qualifying expenses, the Local Government, after consultation with the Secretary and not inconsistent with the Secretary's authority under the CPA, shall promptly exercise its rights and remedies to require repayment of funds, or to assess such other penalties as may be provided for in the CPA.

(l) In addition, in the event that the Company fails to fulfill their responsibilities under the Company Application and/or CPA, including their responsibilities to create and/or retain jobs, make investments, and incur statutorily qualifying expenses, and the Local Government recaptures funds from the Company, the Local Government shall promptly pay to DOC the Grant amounts which it is able to collect.

III. GENERAL PROVISIONS

(a) The parties to this LGGA agree and understand that the payment of all sums specified in this LGGA is dependent and contingent upon and subject to the appropriation, allocation, and availability of funds to DOC for this purpose.

(b) Failure of DOC at any time to require performance of any term or provision of this LGGA shall in no manner affect the rights of DOC at a later date to enforce the same or to enforce any future compliance with or performance of any of the terms or provisions hereof. No waiver of DOC of any condition or the breach of any term, provision or representation contained in this LGGA, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or of the breach of that or any other term, provision or representation.

(c) The recitals are an integral part of this LGGA.

(d) This LGGA constitutes a legally enforceable contract and shall be governed and construed in accordance with the laws of the State of North Carolina. The parties agree and submit, solely for matters concerning this LGGA, to the exclusive jurisdiction of the courts of North Carolina and agree, solely for such purpose, that the only venue for any legal proceedings shall be Wake County, North Carolina. The place of this LGGA, and all transactions and agreements relating to it, and their situs and forum, shall be Wake County, North Carolina, where all matters, whether sounding in contract or tort, relating to its validity, construction, interpretation, and enforcement, shall be determined.

(e) **This Grant award shall terminate and be null and void on March 12, 2021, if by that date the Local Government has not delivered back to the DOC, an original of this LGGA and of the CPA, duly executed by an authorized official of the Local Government, and attested in the manner provided below, together with a copy of the Local Incentive Agreement.**

Upon execution of this LGGA by DOC and the Local Government in the spaces below, the Local Government hereby accepts the Grant on the terms of this LGGA, effective on the date indicated above, and further certifies that the official signing below has been duly authorized by the Local Government's governing body to execute this LGGA.

North Carolina Department of Commerce

DocuSigned by:

Date: __________

By: Elizabeth Crabill

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For: Anthony M. Copeland, Secretary
North Carolina Department of Commerce

Signature Page Follows

City of Monroe
(Local Government)

Date: ____________

By: ______________________________________

(Official Seal)

Name:__________________________________
Title:__________________________________
Authorized Official

Date: _________________________________

ATTEST:

______________________, Clerk
____

Terms of One NC Grant

Local Government: City of Monroe
Project Company: MBP Acquisition, LLC d/b/a Hamilton Drywall Products
Grant Amount: $50,000

Project Description	Manufacturer of drywall finishing products.
Facility Location	6029 Stitt Street; Monroe, NC 28110
Grant Period	2 years beginning October 14, 2020
Grant End Date	October 14, 2022
Target New Jobs (goal)	34
Target New Investment (goal)	$5,000,000
Required New Jobs (required for full grant)	31
Required New Investment (required for full grant)	$4,500,000
Average weekly wage for all full-time jobs (Wage Standard)	$865
Retained Jobs, if any	20
Closeout	The earlier of when performance is complete, or the Grant End Date

Other Requirements

- Health insurance for all fulltime jobs
- Use grant proceeds for installation or purchase of equipment; structural repairs, improvements, or renovations to existing buildings to be used for expansion; construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines or equipment for existing buildings, or for new or proposed buildings to be used for manufacturing and industrial operations
- Must provide verification that Project has received all environmental permits
- The grant is subject to the requirement that the Local Government deliver to the Department of Commerce a copy of the agreement with the Company governing the local incentives to be provided for the Project.
- By no later than February 1 following the end of each year during the later of the end of the Grant Performance Period or the date on which the Local Government provides the

final funds that would bring the local matching contribution to the level provided by the Grant, the Company will submit a report to the DOC in the form of Exhibit B, documenting the Local Government contribution of eligible matching funds, through the just completed calendar year, and a copy of the Company's fourth calendar quarter performance, ending December 31. In addition, during the Grant Period, the Company shall provide a statement indicating whether the Company expects to have completed Performance Criteria sufficient to request a disbursement during the upcoming state fiscal year (July 1 through June 30).

Disbursement of Grant

One disbursement on demonstration of creation of 100% of Target New Jobs and 100% of Required Investment and evidence of making Statutorily Qualifying Expenditures, Environmental Permits, and Retained Jobs.

Obligation to Repay Grant

- Failure to provide required health insurance
- Failure to achieve Wage Standard
- Ceasing project operations
- Failure to maintain jobs for the requisite time beyond Closeout (1-2 years depending on Closeout timing)

Adjustments to Grant at Closeout

- If Closeout occurs on the date two years from the date of the Grant award and the Company has failed to:

    - Create and retain Required New Jobs, or
    - Make statutorily qualifying expenses equal to 100% of the grant, or
    - Make the Required Investment

  the amount of the Grant will be reduced on a pro rata basis to reflect the percentage by which the Company failed to meet its performance goals.

  To the extent the amount of the reduced Grant is *less* than the amount that has been previously disbursed, the Company must reimburse DOC for the difference.

Obligations beyond Closeout

- If Closeout occurs more than one year prior to the Grant End Date, the Company must maintain **at least 90%** of the New Jobs in place at Closeout for **two years** after the date of Closeout.

- If Closeout occurs less than one year prior to the Grant End Date, the Company must maintain **at least 90%** of the New Jobs in place at Closeout until the date that is the one-year anniversary of the Grant End Date.

- If the Company fails to maintain **at least 90%** of the number of New Jobs in place at Closeout for **the required time period**, the Company must reimburse DOC the entire amount of the Grant.

Statute and Guidelines Governing Grant

- N.C. Gen. Stat. 143B-437.70 *et seq.*
- Guidelines and Procedures for Commitment of Funds from the One North Carolina Fund.

COMPANY PERFORMANCE AGREEMENT

THE ONE NORTH CAROLINA FUND

STATE OF NORTH CAROLINA

COUNTY OF WAKE

This Company Performance Agreement (the "CPA"), effective the 14th day of October, 2020 (the "**Effective Date**"), by and between MBP Acquisition, LLC d/b/a Hamilton Drywall Products, a Texas Limited Liability Company authorized to do business in North Carolina (the "**Company**"), and the City of Monroe, North Carolina (the "**Local Government**," and, together with the Company, the "**Parties**");

WITNESSETH:

WHEREAS, the Local Government has applied for a One North Carolina Fund grant from the North Carolina Department of Commerce (the "**DOC**"); and

WHEREAS, a One North Carolina Fund grant award in the amount of Fifty Thousand Dollars ($50,000) (the "**Grant**") has been negotiated and agreed to by DOC and the Parties; and

WHEREAS, the Grant has been approved by DOC for disbursement to the Local Government pursuant to the terms of the One North Carolina Fund Local Government Grant Agreement between the Local Government and the DOC (the "**LGGA**"); and

WHEREAS, the Grant is to be used by the Company toward the goal of creating Thirty Four (34) new jobs (the "**Target New Jobs**"), which shall be permanent full-time jobs (each, a "**New Job**"), and Five Million Dollars ($5,000,000) (the "**Target Investment**") in new investment in the State of North Carolina; and

WHEREAS, the Company has represented that the Grant is necessary to enable the investment and job creation by the Company to occur and go forward in North Carolina; and

WHEREAS, the Grant will enable retention of 20 permanent full-time jobs (the "**Retained Jobs**"), which is the total number of positions the Company maintained in North Carolina prior to the Effective Date; and

WHEREAS, the Grant will stimulate economic activity and create new jobs for the citizens of the State of North Carolina; and

WHEREAS, the Grant is issued pursuant to and subject to the terms of N.C. Gen. Stat. § 143B-437.70 *et seq.* and the Guidelines and Procedures for Commitment of Funds from the One North Carolina Fund (the "**Program Guidelines**");

WHEREAS, pursuant to, inter alia, N.C. Gen. Stat. § 143B-437.07 and G.S. 143B-437.72(b), as these statutes may be amended from time to time, the DOC is required to submit regular reports to the North Carolina General Assembly regarding operation of the One North Carolina Fund and the performance and funding requirements for each One North Carolina Fund grant awarded;

NOW, THEREFORE, in consideration of the representations set forth above and the mutual covenants and promises set forth below, the Company and the Local Government hereby agree as follows:

1.0 PERFORMANCE CRITERIA

In order to be eligible for the full amount of the Grant, the Company must fulfill the following requirements:

1.1 The Company shall undertake and operate in a timely manner the following project at the following location (the "**Project**"):

> A plant (the "**Facility**") at which the company will manufacture drywall finishing products to be located in or around 6029 Stitt Street in the City of Monroe in Union County, North Carolina.

1.2 The Company shall maintain its current operations in North Carolina and a base level of the number of required Retained Jobs in North Carolina, in addition to any New Jobs to be created as part of this CPA.

1.3 The Company shall make good faith efforts to create and maintain the Target New Jobs as part of the Project, as described in the Company's application to DOC (the "**Company Application**"). The New Jobs must be filled by employees hired for the Project on or after the Effective Date who work for at least thirty-five (35) hours per week, and whose wages are subject to withholding under Article 4A of Chapter 105 of the General Statute. Independent contractors, consultants, seasonal and temporary employees are not to be included as New Jobs. In order to be eligible for the full Grant, the Company must create Thirty One (31) New Jobs (the "**Required New Jobs**") (90% of the Target New Jobs), by October 14, 2022 (the "**Grant End Date**," which shall be two years from the date on which the Grant was formally awarded) (the period between October 14, 2020 and October 14, 2022, the "**Grant Period**").

The New Jobs will be new jobs and cannot be existing North Carolina positions or employees of the company or any of its related members or affiliates that are transferred or shifted such that a previously existing North Carolina job, or a North Carolina job that was not previously part of the Project, is counted towards performance under this CPA.

1.4 The average weekly wage of the group of all permanent full-time jobs at the Facility, including the New Jobs, will equal or exceed Eight Hundred Sixty-Five Dollars ($865) per week (the "**Wage Standard**").

1.5 The Company shall provide health insurance for all permanent full-time employees at the Facility, including the New Jobs, in at least the minimum amount required for eligibility in N.C. Gen. Stat. § 105-129.83(d).

1.6 The Company shall make good faith efforts to make the Target Investment in the form of privately funded investment in real property and/or machinery and equipment as part of the Project, and must invest at least Four Million Five Hundred Thousand Dollars ($4,500,000) by the Grant End Date (the "**Required Investment**") (90% of the Target Investment).

1.7 The proceeds of the Grant may be used only to offset statutorily qualifying expenses as set out in N.C. Gen. Stat. § 143B-437.71(b) ("**Statutorily Qualifying Expenses**"). Those expenses are installation or purchase of equipment; structural repairs, improvements, or renovations to existing buildings to be used for expansion; construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines or equipment for existing buildings or for new or proposed buildings to be used for manufacturing and industrial operations; or such other expenses as specifically provided for by an act of the General Assembly.

1.8 Release of any Grant funds under this CPA is contingent on the Company providing verification that the Project has received all of its required environmental permits.

2.0 DISBURSEMENT OF GRANT

2.1 Proceeds of the Grant up to a total amount of Fifty Thousand Dollars ($50,000) will be disbursed by DOC to the Local Government in one installment based on creation and maintenance of the New Jobs and satisfaction of other performance criteria set out in Section 1.0 above ("**Performance Criteria**"). The number of New Jobs to be counted shall be determined as provided in Paragraph 6.1 hereof. At the time of any requested disbursement, the company must certify its performance by submitting a duly executed disbursement request and certification in the form of Exhibit A hereto (the "**Company Disbursement Request**"), and the Local Government must submit a duly executed disbursement request and certification in the form of Exhibit A to the LGGA (the "**Local Government Disbursement Request**"). Disbursement will occur on the following schedule and will be subject to any adjustments required by this CPA:

> One Hundred Percent (100%) of the grant will be disbursed to the Local Government upon proof that the company has (i) maintained 100% of the Retained Jobs; (ii) created and retained one hundred percent (100%) of the Target New Jobs (i.e., 34 New Jobs), (iii) satisfied the wage standard and health insurance requirements, (iv) invested the amount in Statutorily Qualifying Expenses, and (v) obtained all required environmental permits

The Local Government will submit or cause to be submitted to DOC each Company Disbursement Request and Local Government Disbursement Request, upon proof of the creation of the required number of New Jobs and the satisfaction of all other Performance Criteria necessary for disbursement. Following receipt of Grant funds from DOC, the Local Government will disburse funds to the Company.

Should it become necessary for a job created after the Effective Date to be counted by the Company as a Retained Job for purposes of establishing the base level of jobs required to be maintained by this CPA, that job may not be double-counted as a New Job.

2.2. DOC will close out the Grant on the first to occur of:

(i) The date as of which DOC shall have received and accepted proof reasonably satisfactory to it that the Project has been completed and the Performance Criteria satisfied.

(ii) The Grant End Date.

("Closeout").

Following Closeout, to the extent any Grant proceeds may be due and upon submission of duly completed Company Disbursement Request and Local Government Disbursement Request, a final Grant payment will be disbursed. A request for final payment, if not made previously, must be made to DOC within thirty (30) days following the Grant End Date, provided, however, that if the Company has completed performance and become entitled to a final disbursement of funds under Paragraph 2.1d of this CPA, during any time earlier in the Grant Period, the Company must submit a completed Company Disbursement Request and Local Government Disbursement Request within one year from the date of completed performance (but in no event later than thirty (30) days following the Grant End Date) or forfeit the disbursement.

3.0 OBLIGATION TO REPAY GRANT

3.1 **Failure to Provide Health Insurance**. If, at any time during the Grant Period or during the period set forth in Section 5.0, the Company fails to provide health insurance to all permanent full-time employees at the Facility in the amount required in N.C. Gen. Stat. § 105-129.83(d), the Company will be in default of this CPA and will reimburse DOC the total amount of the Grant previously disbursed in accordance with this CPA.

3.2 **Ceasing Project Operations**. If at any time during the Grant Period or during the period set forth in Section 5.0 hereof, the Company substantially ceases operations at the Facility, the Company shall immediately repay all Grant funds previously disbursed in accordance with this CPA.

3.3 **Failure to Achieve Wage Standard**. If at any time during the Grant Period or during the period set forth in Section 5.0 hereof, the average weekly wage of the group of all permanent full-time jobs at the Facility fails to equal or exceed the Wage Standard, the Company will be in default under this CPA, no further disbursement will be made, and the Company will reimburse DOC the total amount of the Grant previously disbursed in accordance with this CPA.

3.4 **Reserved.**

3.5 **Other Failures to Comply**. The Company may be required to reimburse Grant funds previously disbursed for failure to comply with Paragraphs 6.4 and 6.16 hereof, or as provided in Paragraphs 4.1 and 5.3 hereof.

3.6 **Recovery of Costs**. If the Company fails to reimburse any amount payable hereunder, on demand, the Local Government and DOC may recover the costs of collection to obtain recovery, from the Company, including reasonable attorneys' fees.

4.0 ADJUSTMENTS TO GRANT AT CLOSEOUT

4.1 If Closeout occurs on the Grant End Date and the Company has failed to create and retain the Required New Jobs, has failed to make the Required Investment, or has failed to invest an amount equal to 100% of the Grant in Statutorily Qualifying Expenses, the amount of the Grant shall be reduced to the smallest of the following amounts (the "**Adjusted Grant**"):

a. The amount obtained by multiplying the Grant by a fraction the denominator of which is the Required New Jobs and the numerator of which is the number of New Jobs actually created and retained as of that date, as expressed in the following formula:

$$\text{Adjusted Grant} = \text{Original Grant Amount} \times \frac{\text{New Jobs Actually Created and Retained}}{\text{Required New Jobs}}$$

b. The amount obtained by multiplying the Grant by a fraction the denominator of which is the Required Investment and the numerator of which is the investment actually made as of that date, as expressed in the following formula:

$$\text{Adjusted Grant} = \text{Original Grant Amount} \times \frac{\text{Investment Actually Made}}{\text{Required Investment}}$$

c. The amount the Company has spent on Statutorily Qualifying Expenses

4.2 To the extent the amount of the Adjusted Grant is less than the amount that has been previously disbursed to the Company, the Company shall reimburse DOC for the difference between the Adjusted Grant and the amount previously disbursed.

5.0 OBLIGATIONS BEYOND CLOSEOUT

5.1 If Closeout occurs on or before the date that is exactly one year prior to the Grant End Date, the Company will maintain at least ninety percent (90%) of the number of New Jobs in place at Closeout for two (2) years after the date of Closeout.

5.2 If Closeout occurs after the date that is exactly one year prior to the Grant End Date, the Company will maintain at least ninety percent (90%) of the number of New Jobs in place at Closeout until the date that is the one year anniversary following the Grant End Date.

5.3 If the Company fails to maintain at least ninety percent (90%) of the number of New Jobs in place at Closeout for the required time period following Closeout, as specified in Paragraphs 5.1 and 5.2 hereof, the Company will be in default of this CPA and shall reimburse to DOC the total amount of the Grant funds previously disbursed in accordance with this CPA.

6.0 ADDITIONAL PROVISIONS

6.1 The Company shall provide to DOC and the Local Government all documentation deemed necessary by DOC or the Local Government to verify Retained Jobs, and creation and retention of New Jobs, salary levels, health insurance, investments, Statutorily Qualifying Expenses, environmental permits and other Performance Criteria specified in this CPA, including copies of the N.C. Department of Commerce Division of Employment Security Employer's Quarterly Tax and Wage Report ("NCUI 101"), a list of all positions used in accounting for the Grant and the names of the individuals filling those positions. The threshold numbers of New Jobs created for the Company to be eligible for disbursements under Paragraph 2.1 hereof, shall be measured by adding the three figures that represent the average number of New Jobs (calculated after deducting the Retained Jobs and any other position that does not qualify as a New Job) that have been created during the Grant Period and have been retained during each of the three months of the quarter reported in the Company's NCUI 101, and dividing that sum by three, or in such other manner determined by the DOC to reasonably reflect New Job creation. **The Company shall not include in such count, any temporary, seasonal, contract, or part-time employees, employees that were hired prior to the Effective Date, or employees that were hired from affiliates of the Company in North Carolina, even if those employees are included in the NCUI 101. The Company shall certify how many of the employees listed on the NCUI 101 in each month qualify under the definition of Retained Jobs and New Jobs. For verification of Required Investment, the Company shall provide a fixed asset report and any other documentation requested by DOC. The Company's compliance with the job creation and/or retention, investment, Statutorily Qualifying Expense, environmental permit and other Performance Criteria set out in this CPA shall be attested to under oath by an officer of the Company.**

6.2 By not later than February 1 of each year during the Grant Period (and with respect to Paragraph 6.2A, through the later of February 1 following the date established pursuant to Paragraph 5 hereof or the date on which the Local Government provides the final funds that would bring the local matching contribution to the level provided by the Grant), the Company must submit the following to the DOC, in the form of Exhibit B hereto:

A. a copy of the Company's fourth calendar quarter performance (ending December 31) NCUI 101for the previous calendar year, containing all information required by Exhibit B (N.C. Gen.Stat. §143B-437.07).

B. a statement indicating whether the company expects to have completed Performance Criteria sufficient to request a disbursement during the upcoming state fiscal year (July 1 through June 30). Failure to identify the expected performance over the coming fiscal year may result in ineligibility for a disbursement during that period, or may limit the amount of disbursement available to the company during the upcoming fiscal year. (N.C. Gen. Stat. §143B-437.72(b)(6b)).

6.3 If unforeseen calamity, an Act of God, or financial disaster is the cause of the company's failure to satisfy or perform its obligations under this CPA, the company and the Local Government may request an extraordinary modification of this CPA from the Secretary of DOC (the "**Secretary**"). The Parties agree that any decision to allow such modification shall be at the sole discretion of the Secretary, that such modifications are rarely, if ever, granted, and that the Secretary's decision regarding any extraordinary modification shall be final and not subject to review or appeal.

6.4 The company shall keep and maintain books, records, and other documents relating to the receipt and disbursement of the Grant and fulfillment of this CPA, including, but not limited to, records to verify employment, salaries, health insurance, investment amounts, Statutorily Qualifying Expenses and environmental permits.

Subject to any applicable federal or North Carolina laws or regulations respecting employee privacy, the company agrees that any duly authorized representative of the Local Government or the State of North Carolina, including the DOC, the Office of the North Carolina State Auditor, and the Office of State Budget and Management shall, at all reasonable times and on reasonable notice, have access to and the right to inspect, copy, audit, and examine all of the relevant books, records, and other documents relating to the Grant and the fulfillment of this CPA throughout the Grant Period and for a period of six years thereafter.

If the company fails to keep and maintain books and records necessary for verifying fulfillment of this CPA, including, but not limited to, adequate records for the verification of employment, salaries, investment amounts, Statutorily Qualifying Expenses and environmental permits, or if the company fails to provide access and right of inspection sufficient to verify compliance with this CPA, the Local Government or the Secretary may in its or his discretion declare this CPA to be in default, withhold payments for or under this CPA or the LGGA, and/or require reimbursement of all or any portion of the Grant previously paid.

The company shall provide any information DOC requests in order to produce reports or compile data required by the General Assembly.

6.5 To the extent any information or documents gathered by or provided to the Local Government or the DOC would be regarded as confidential or not subject to disclosure under federal law or the North Carolina General Statutes (including, without limitation, N.C. Gen. Stat. §§ 132-1 *et seq.*, commonly referred to as the ("**Public Records Act**"*)*, the company shall clearly identify and mark them as such and that information will, to the extent allowed by law, be treated as confidential and not subject to disclosure by the Local Government and DOC and their authorized representatives.

The company understands North Carolina's laws regarding the treatment of public records and confidential information.

The company shall be responsible for any and all costs, expenses, fees, or losses that they or the Local Government or DOC or any other State entity may incur as a result of responding to or resisting any request, subpoena, legal complaint, court order, or other demand seeking to compel such party to release or disclose records, documents, or information pertaining to the company, to the extent that the company notified the State entity that it objects to such disclosure or release and the State defends against such release; and the company shall indemnify the Local Government, DOC, and State entities and their authorized representatives for all costs associated therewith, provided that, no such indemnified party shall be obligated to take any such action.

6.6 Notwithstanding anything herein to the contrary, the Parties acknowledge the due execution of the LGGA and agree that any conflict between the provisions, requirements, duties, or obligations of this CPA and the LGGA shall be resolved in favor of the LGGA. The Parties further agree that any conflict between the provisions, requirements, duties, or obligations of this CPA and any program documentation for this Grant other than the LGGA shall be resolved in favor of this CPA.

6.7 The company acknowledges that none of the North Carolina operations owned by the company or a related entity or affiliate shall be curtailed as a result of the Project.

6.8 The company shall perform and abide by all commitments it made in the company application, except as otherwise expressly stated herein. The company affirms its commitments made in the company application, and the commitments contained therein are incorporated herein by reference, as if set out in full. The Parties agree that any conflict between the provisions of this

CPA and any commitments made in the company application to DOC shall be resolved in favor of this CPA.

6.9 The company indemnifies and holds harmless the Local Government, DOC, and State entities, and their respective members, officers, directors, employees, agents and attorneys (hereinafter collectively referred to as "Indemnified Parties"), from any claims of third parties arising out of or any act or omission of the company in connection with the performance of this CPA, and for all losses arising from implementation of this CPA. Without limiting the generality of the foregoing, the company releases the Indemnified Parties from, and agrees that such Indemnified Parties are not liable for, and agrees to indemnify and hold harmless the Indemnified Parties against, any and all liability or loss, cost or expense, including, without limitation, reasonable attorneys' fees, fines, penalties, and civil judgments, resulting from or arising out of or in connection with or pertaining to, any loss or damage to property or any injury to or death of any person occurring in connection with or on or about the Facility, or resulting from any defect in the fixtures, machinery, equipment, or other property used in connection with the Project or arising out of, pertaining to, or having any connection with, the Project or the financing thereof (whether or not arising out of acts, omissions, or negligence of the company or any of its agents, contractors, servants, employees, licensees, lessees, or assignees). Each Indemnified Party is an express, third party beneficiary of the Company's obligations under this Paragraph.

6.10 The representations made by the Company in the Company Application to DOC or as part of the application process are incorporated herein by reference and deemed by the Parties to be material to this CPA. The Company affirms these representations. The Parties agree that any conflict between any representations contained in this CPA and those representations contained in the Company Application to DOC or made as part of the One North Carolina Fund application process shall be resolved in favor of this CPA.

6.11 The recitals are an integral part of this CPA.

6.12 If the Company has an overdue tax debt owing to the State of North Carolina, as defined in N.C. Gen. Stat. § 105-243.1, no payments will be made under this CPA or the LGGA until that tax debt has been satisfied. If an overdue tax debt goes unsatisfied by the Company for more than one year, this CPA may be declared in default and terminated at the direction of DOC.

6.13 The Local Government's obligation to make disbursements to the Company under this CPA is contingent upon the Local Government's receipt under the LGGA of the necessary disbursements from DOC, which are, in turn, contingent on appropriation, allocation and availability of funds for the Grant to DOC.

6.14 This CPA constitutes a legally enforceable contract and shall be governed and construed in accordance with the laws of the State of North Carolina. The Parties agree and submit, solely for matters concerning this CPA, to the exclusive jurisdiction of the courts of North Carolina and agree, solely for such purpose, that the only venue for any legal proceedings shall be Wake County, North Carolina. The place of this CPA, and all transactions and agreements relating to it, and their situs and forum, shall be Wake County, North Carolina, where all matters, whether sounding in contract or tort, relating to its validity, construction, interpretation, and enforcement, shall be determined.

6.15 The Parties agree that the State of North Carolina Department of Commerce is a third-party beneficiary of this CPA and may, at its option, enforce the terms of this CPA or appear as a party in any litigation concerning it or the Grant.

6.16 The Company shall comply with all applicable federal, state, and local laws and regulations. If the Company fails to comply with any law or regulation applicable to it, the Secretary may, in his sole discretion, terminate the Grant and declare that no future Grant disbursement shall be due and payable and/or require the Company to reimburse DOC all or part of any Grant funds previously disbursed following the date of any such violation. The Secretary may determine, in his sole discretion, that where the Company is under investigation for an act involving violation of federal, state, local law or regulation, including an unresolved environmental violation, Grant funds be withheld until such time as a determination of culpability or liability is made, and, if the Company is determined to be in violation, the Grant may be terminated and the Company may be required to reimburse the DOC for all or part of any Grant funds previously disbursed. If such investigation is not concluded within two (2) years of the Grant End Date, the DOC may terminate the Grant.

6.17 Failure of the Local Government or DOC at any time to require performance of any term or provision of this CPA shall in no manner affect the rights of the Local Government or DOC at a later date to enforce the same or to enforce any future compliance with or performance of any of the terms or provisions hereof. No waiver of the Local Government or DOC of any condition or the breach of any term, provision or representation contained in this CPA, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or of the breach of that or any other term, provision or representation.

6.18 The Company is encouraged to utilize the services of North Carolina small businesses and minority, female, and disabled contractors, to offer positions in connection with the Project to North Carolina residents, and to use the North Carolina state ports when reasonable and commercially practicable.

6.19 In addition to any rights and remedies provided to the Local Government and DOC by law, DOC has the right, without prior notice to Company, any such notice being expressly waived by Company to the extent permitted by applicable law, upon the occurrence of any event herein which would result in the Company's obligation to repay some or all of Grant monies disbursed hereunder (including without limitation Section 3, 4 and 5 hereof), to set-off and apply against any amounts due hereunder, any amount owing from DOC or the State to the Company.

6.20 **This Grant award shall terminate and be null and void on December 18, 2020, if by that date the Company has not delivered back to the DOC, the original of this CPA, duly executed by an authorized officer of the Company, and attested in the manner provided below. This Grant is also subject to the requirement that the Local Government deliver to the DOC, one original each of the LGGA and this CPA, duly executed by an authorized official of the Local Government, within sixty (60) calendar days following the date on which the DOC sends the LGGA and CPA to the Local Government, together with a copy of the agreement with the Company governing the local incentives to be provided for the Project.**

IN WITNESS WHEREOF, the Company and the Local Government have executed this Company Performance Agreement, effective as of the day and year first written above. This CPA is executed under seal for purposes of any statute of limitations.

Approved and Accepted:

City of Monroe
(Local Government)

(Official Seal)

By: ______________________________
Name: ______________________________
Title: ______________________________

Date: ________________________

ATTEST:

____________________, Clerk
____

Signature page follows

MBP Acquisition, LLC
d/b/a Hamilton Drywall Products
(Company)

(Corporate Seal)

By: ____________________
Name: MARK HAMILTON
Title: G.M.
Authorized Corporate Officer

Date: 12.14.20

STATE OF ____________
COUNTY OF ____________

I, ________________, a Notary Public of said State and County, do hereby certify that ________________________(the "principal") personally appeared before me this day, and/or (i) I have personal knowledge of the identity of the principal, and/or (ii) I have seen satisfactory evidence of the principal's identity, by current State or Federal identification with the principal's photograph, and such principal acknowledged to me that he or she voluntarily signed the foregoing document for the purpose therein and in the capacity indicated.

____
Notary Public Signature

____
Notary Printed or Typed Name

Witness my hand and official seal or stamp, this ____day of _______, 20_____

(Official Seal or Stamp) My Commission expires on___________, 20__

See Attached

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Orange)

On Dec. 14, 2020 before me, Linda S. Lovejoy, Notary Public,
Date — Here Insert Name and Title of the Officer

personally appeared Mark Hamilton
Name(~~s~~) of Signer(~~s~~)

who proved to me on the basis of satisfactory evidence to be the person(~~s~~) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

LINDA S. LOVEJOY
Notary Public - California
Orange County
Commission # 2169981
My Comm. Expires Oct 30, 2020

Signature [signature]
Signature of Notary Public

The Notary Commission extended pursuant to Executive Order N-63-20

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: One NC Performance Document Date: 12-14-20

Number of Pages: 11 Signer(s) Other Than Named Above: none

Capacity(ies) Claimed by Signer(s)

Signer's Name: Mark Hamilton
- ☐ Corporate Officer — Title(s):
- ☐ Partner — ☐ Limited ☐ General
- ☐ Individual ☐ Attorney in Fact
- ☐ Trustee ☐ Guardian or Conservator
- ☐ Other:

Signer Is Representing: himself

Signer's Name:
- ☐ Corporate Officer — Title(s):
- ☐ Partner — ☐ Limited ☐ General
- ☐ Individual ☐ Attorney in Fact
- ☐ Trustee ☐ Guardian or Conservator
- ☐ Other:

Signer Is Representing:

EXHIBIT A
TO LOCAL GOVERNMENT GRANT AGREEMENT

LOCAL GOVERNMENT DISBURSEMENT REQUEST AND CERTIFICATION

Project No. 2020-26964

City of Monroe (the "**Local Government**") hereby requests a disbursement in the amount of ____
____ *[spell out dollar amount]* ($____________________) from the North Carolina Department of Commerce (the "**DOC**"), pursuant to that certain Company Performance Agreement between the Local Government and MBP Acquisition, LLC d/b/a Hamilton Drywall Products (the "**Company**"), dated as of October 14, 2020 (the "**CPA**"), and that certain Local Government Grant Agreement between the Local Government and the DOC, dated as of October 14, 2020 (the "**LGGA**," and, together with the CPA, the "**Agreements**"). All capitalized terms not otherwise defined herein have the meaning ascribed to them in the Agreements.

The Local Government hereby certifies to the DOC that it:

(i) has provided funds and/or resources for the Project pursuant to the Local Government application to the DOC and the terms of the LGGA, in the amount of ____________________________________ ($____________), an amount that is at least equal to the amount of the disbursements that have been requested under the LGGA;

(ii) has provided such funds and/or resources in the following form:_____
____
____
____
____;

(iii) has attached true and correct copy of documents evidencing its expenditure of the amount specified in (ii) above for the purposes specified above;

(iv) will submit proof of receipt, deposit, and proper disbursement of the disbursed DOC funds, to the DOC, within thirty (30) days;

(v) it is in compliance with all of the terms and conditions of the LGGA, and affirms the representations, warranties, and covenants contained therein; and

(vi) to its best knowledge and belief, the Company's Disbursement Request accompanying this certification is accurate, the Company is eligible to receive funds from the Grant in the amount specified herein, under the terms of the CPA, and the Local Government is not aware of anything that would make the Company ineligible for these funds.

This certification shall be deemed to be made a part of the LGGA and is incorporated therein and governed by its terms and conditions. Upon execution of this certification, the Local Government accepts its terms, effective on the date indicated above, and further certifies that the official signing below has been duly authorized to execute this certification by the Local Government's governing body, and the agreements and certifications contained herein are legally valid and binding on the Local Government.

City of Monroe
(Local Government)

Date: ____________
By:________________________________
Name:____________________________
Title:_____________________________
Authorized Official

(Official Seal)

ATTEST:

_________________, Clerk

____

One NC Local Gov Disbursement Request
MBP Acquisition, LLC d/b/a Hamilton Drywall Products/City of Monroe
Company Only; Retained Jobs; New Jobs
Form 2018

STAFF REPORT

TO: City Council

VIA: E.L. Faison, City Manager

DATE: March 9, 2021

FROM: Lisa Strickland, Director of Finance

PREPARED BY: Monica Bulos, Purchasing Assistant

SUBJECT: Resolution to Dispose of a 1999 Volvo Tandem WG64 Dump truck

SUMMARY STATEMENT

Staff requests approval of a resolution to authorize disposal of a 1999 Volvo Tandem WG64 Dump truck that is no longer in service in the Water & Sewer Construction Department.

REVIEW

Staff is requesting City Council authorization to dispose of a 1999 Volvo Tandem WG64 Dump truck as defined by G.S. 160A-266 Methods of Sale. Pursuant to G.S. 160A-270 and Title III, Chapter 34 of the City of Monroe Code of Ordinances, staff is required to seek City Council approval when the fair market value of surplus personal property is believed to exceed $30,000. Staff will be listing this vehicle on GovDeals with a reserve amount (base bid) of 20,000. The potential proceeds of this apparatus may be in excess of $30,000 which will require adoption of a Resolution giving authority to dispose of the vehicle. The dump truck has been evaluated by management and the City Garage and met the requirements for replacement due to the age.

RECOMMENDATION

Staff recommends City Council authorization of the disposal of the 1999 Volvo Tandem WG64 Dump truck as defined by G.S. 160A-266 Methods of Sale by approving Resolution R-2021-16.

Attachment(s): Resolution R-2021-16

RESOLUTION AUTHORIZING DISPOSAL BY AUCTION SALE OF 1999 VOLVO TANDEM WG64 DUMP TRUCK

WHEREAS, the City of Monroe (hereinafter, "City"), has accumulated surplus personal property that has a believed fair market value in excess of $30,000; and

WHEREAS, said personal property located at the Operations Center at 2401 Walkup Avenue in Monroe, North Carolina is no longer being utilized by the City of Monroe; and

WHEREAS, North Carolina General Statute §160A-270 permits the City to sell personal property at public auction upon approval of the City Council and after publication of a notice announcing the auction; and

WHEREAS, the electronic auction site, govdeals.com will be utilized in auctioning said piece of equipment; and

WHEREAS, the property will be transferred in its current condition, as is, and the City gives no warranty with respect to usability of the property; and

WHEREAS, title and possession of the property will be transferrable at the auction's close on April 9, 2021 at 9:00am EST when the sale is completed and payment is made; and

WHEREAS, the buyer will pay the full amount of his or her bid at the conclusion of the auction, either by card or wire transfer. Failure to make payment on or before April 9, 2021 will cancel the buyer's bid.

NOW, THEREFORE, BE IT RESOLVED that the City Council hereby declares surplus and authorizes staff to dispose of by auction sale the 1999 Volvo Tandem WG64 Dump truck pursuant to G.S. §160A-270.

BE IT FURTHER RESOLVED THAT the City Manager is hereby authorized to take any and all action necessary regarding the disposal of the 1999 Volvo Tandem WG64 Dump truck.

BE IT FURTHER RESOLVED THAT the City reserves the right to withdraw any listed property from the auction at any time before the auction sale of that property.

Adopted this the 9th day of March 2021.

Attest:

____
Bobby G. Kilgore, Mayor

____
Bridgette H. Robinson, City Clerk

City of Monroe
Where Heartland Meets High Tech

STAFF REPORT

TO:	General Services Committee
VIA:	E.L. Faison, City Manager
DATE:	February 18, 2021
FROM:	Lisa Strickland, Finance Director
PREPARED BY:	Ashley Ivey, Accounting Manager
SUBJECT:	Fiscal Year 2021 Audit Contract for City of Monroe

SUMMARY STATEMENT

The purpose of this report is to provide information regarding the contract for audit services for the City of Monroe to Martin Starnes & Associates, CPA's, P.A. for the year ending June 30, 2021.

REVIEW

A Request for Proposals was done in February 2014 and Martin Starnes & Associates, CPA's P.A. was the firm selected by the Finance Committee's audit selection team. The City first contracted with Martin Starnes & Associates, CPA's P.A. for the fiscal year 2014 audit. A new five-year service agreement was approved by City Council in fiscal year 2018 that will last through fiscal year 2023. If approved, this will be the eighth year with this audit firm. The cost estimates given by the firm for the next 3 years are as follows:

$78,800	Fiscal Year 2021
$81,150	Fiscal Year 2022
$81,150	Fiscal Year 2023

There were no disputes or conflicts with the audit firm in the prior year and the City received the audit report and financial statements in a timely manner in order to meet the Local Government Commission's submission deadline of October 31st.

The proposed contract for audit services for the City for the fiscal year ending June 30, 2021 is $78,800. This fee reflects maintaining the current level of audit services. This includes testing of internal controls to ensure that the City's financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles, preparation of the annual financial statements and an audit to maintain compliance with single audit act requirements.

RECOMMENDATION

Staff recommends and requests approval by the General Services Committee of the audit contract with Martin Starnes & Associates, CPA's, P.A. for $78,800.

Attachment:
Audit Contract
Engagement Letter

CONTRACT TO AUDIT ACCOUNTS

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

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

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

Hereinafter referred to as Auditor

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

Must be within four months of FYE

hereby agree as follows:

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

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

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

3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.

4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC Staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.

5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2018 revision, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he/she has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of the most recent peer review report to the Governmental Unit(s) and the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon auditor's receipt of an updated peer review report. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to *Government Accounting Standards* or if financial statements are not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to LGC Staff within four months of fiscal year end. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay shall be submitted to the Secretary of the LGC for approval.

7. It is agreed that GAAS include a review of the Governmental Unit's (Units') systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his/her findings, together with his recommendations for improvement. That written report shall include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified*). The Auditor shall file a copy of that report with the Secretary of the LGC.

8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's (Units') records for audit, financial statement preparation, any finance-related investigations, or any other audit- related work in the State of North Carolina. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.

9. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) until the invoice has been approved by the Secretary of the LGC. (This also includes any progress billings.)[G.S. 159-34 and 115C-447] All invoices for Audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoice marked 'approved 'with approval date shall be returned to

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a) the description of each finding, including all material weaknesses and significant deficiencies, as found by the auditor, and any other issues related to the internal controls or fiscal health of the government unit as disclosed in the management letter, the Single Audit or Yellow Book reports, or any other communications from the auditor regarding internal controls as required by current auditing standards set by the Accounting Standards Board or its successor;

b) the status of the prior year audit findings;

c) the values of Financial Performance Indicators based on information presented in the audited financial statements; and

d) notification to the governing body that the governing body shall develop a “Response to the Auditor’s Findings, Recommendations, and Fiscal Matters,” if required under 20 NCAC 03 .0508.

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

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

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

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

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

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

FEES FOR AUDIT SERVICES

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

Financial statements were prepared by: ☑ Auditor ☐ Governmental Unit ☐ Third Party

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

Name:	***Title and Unit / Company:***	***Email Address:***
Lisa Strickland	Finance Director, City of Monroe	lstrickland@monroenc.org

OR Not Applicable ☐ *(Identification of SKE Individual not applicable for GAAS-only audit or audits with FYEs prior to June 30, 2020.)*

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

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

PRIMARY GOVERNMENT FEES

Primary Government Unit	City of Monroe, NC
Audit Fee	$ See fee section of engagement letter
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	$ N/A
Writing Financial Statements	$ See fee section of engagement letter
All Other Non-Attest Services	$ N/A
75% Cap for Interim Invoice Approval ***(not applicable to hospital contracts)***	$ 57,375.00

DPCU FEES (if applicable)

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

SIGNATURE PAGE

AUDIT FIRM

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

GOVERNMENTAL UNIT

Governmental Unit* City of Monroe, NC	
Date Primary Government Unit Governing Board Approved Audit Contract* (G.S.159-34(a) or G.S.115C-447(a))	
Mayor/Chairperson (typed or printed)* Bobby G. Kilgore, Mayor	Signature*
Date	Email Address bkilgore@monroenc.org

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

GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

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

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

Primary Governmental Unit Finance Officer* (typed or printed) Lisa Strickland, Finance Director	Signature*
Date of Pre-Audit Certificate*	Email Address* lstrickland@monroenc.org

SIGNATURE PAGE – DPCU
(complete only if applicable)

DISCRETELY PRESENTED COMPONENT UNIT

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

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

DPCU – PRE-AUDIT CERTIFICATE

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

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

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

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

PRINT

KWH
Koonce, Wooten & Haywood, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Report on the Firm's System of Quality Control

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

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

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

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

Required Selections and Considerations

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

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

Opinion

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

Koonce, Wooten & Haywood, LLP

Koonce, Wooten & Haywood, LLP

May 3, 2018

Raleigh
4060 Barrett Drive
Post Office Box 17806
Raleigh, North Carolina 27619

919 782 9265
919 783 8937 FAX

Durham
3500 Westgate Drive
Suite 203
Durham, North Carolina 27707

919 354 2584
919 489 8183 FAX

Pittsboro
10 Sanford Road
Post Office Box 1399
Pittsboro, North Carolina 27312

919 542 6000
919 542 5764 FAX

February 1, 2021

Lisa Strickland
City of Monroe
P.O. Box 69
Monroe, NC 28111

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

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

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

- Management's Discussion and Analysis
- Law Enforcement Officers' Special Separation Allowance schedules
- Other Post-Employment Benefits' schedules
- Local Government Employees' Retirement System's schedules

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

- Combining and individual fund financial statements
- Budgetary schedules
- Other schedules
- Schedule of Expenditures of Federal and State Awards

Schedule of Expenditures of Federal and State Awards

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

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

- Introductory information
- Statistical section

We will make reference to the component unit auditor's audit of the City of Monroe ABC Board in our report on your financial statements.

Data Collection Form (if applicable)

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

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

Audit of the Financial Statements

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

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

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

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

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

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

Audit of Major Program Compliance

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

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

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

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

Management's Responsibilities

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

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

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

With regard to the supplementary information referred to above (including the Schedule of Expenditures of Federal and State Awards), you acknowledge and understand your responsibility (a) for the preparation of the supplementary information in accordance with the applicable criteria, (b) to provide us with the appropriate written representations regarding supplementary information, (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information, and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

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

We will perform the following nonattest services:

- Draft of financial statements and footnotes
- GASB 34 conversion entries

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

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

Our responsibilities and limitations of the engagement are as follows:

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

Other

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

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

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

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

Provisions of Engagement Administration and Fees

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

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

Our fees for these services are as follows:

Audit Fee	$	71,000
Financial Statement Drafting		7,800
Other Non-Attest Services		-
	$	78,800

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

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

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

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

Changing Laws and Regulations

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

Incorrect Accounting Methods or Errors in Client Records

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

Failure to Prepare for the Engagement

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

Starting and Stopping Our Work

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

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

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

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

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

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

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

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

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

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

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

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

Respectfully,

Martin Starnes & Associates, CPAs, P.A.

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

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of the City of Monroe by:

Name: ____

Title: ____

Date: ____

City of Monroe
Where Heartland Meets High Tech

STAFF REPORT

TO: General Services Committee

VIA: E.L. Faison, City Manager

DATE: February 18, 2021

FROM: Lisa Strickland, Finance Director

PREPARED BY: Ashley Ivey, Accounting Manager

SUBJECT: Outside Agency Funding Requests for Fiscal Year 2022 Budget

SUMMARY STATEMENT

This is a request to consider outside agency funding requests for the fiscal year 2022 budget.

REVIEW

Outside agency applications for funding requests for the fiscal year 2022 budget were due on January 22, 2021. Eligible applicants must be a non-profit organization that provides a service for the Monroe community. In order to be considered, the applicants were required to submit an original application that includes the following information:

- A copy of the list of the Board of Directors, permanent staff members and volunteers for the agency.
- A copy of the tax status determination letter from the IRS for your agency.
- A copy of the most recent independent audit of the agency.

The General Services Committee is requested to review applications and make recommendations to City Council for funding. All funding is based on City Council approval of the FY 2022 budget.

RECOMMENDATION

Staff requests that the General Services Committee consider funding requests and make recommendations to City Council for the fiscal year 2022 budget.

Attachment: Outside Agency FY 2022 Funding Requests

CITY OF MONROE
OUTSIDE AGENCY FUNDING HISTORY
2019 - 2022

ORGANIZATION NAME	2019 Actual OSA Funding	2019 In-Kind Funding	2020 Actual OSA Funding	2020 In-Kind Funding	2021 Adj Budget	2021 Estimated In-Kind	2022 Requested	2022 Estimated In-Kind	2022 Approved
A Few Good Men			10,000		15,000		40,000		
Alliance for Children (U Smart Start/ UC Partnership for Children)	5,000		5,000		5,000		5,000		
American Red Cross- Union County Chapter	5,000		5,000		5,000		5,000		
Angel Shoes Inc					3,000		10,000		
Arc of Union/Cabarrus	1,600		1,600		1,600		1,600		
Artists Music Guild	10,000		10,000		10,000		20,000		
Bridge To Recovery, Inc			2,500		2,500		5,000		
Caraway Foundation							3,000		
Central Academy of Technology and Art (Band Boosters)	1,500		2,000		2,000		4,000		
Central Academy of Technology and Art (Theater Dept)					0				
Common Heart					10,000		20,000		
Community Health Services of Union County, Inc.	8,000		20,000		20,000		35,000		
Council on Aging of Union County	4,000		5,000		7,500		20,000		
Excel Enrichment Program (Previously Friendship Bpt Church)					5,000		8,000		
Generation Uplift Inc							140,000		
Ground 40 Ministries							10,000		
H.O.T.A (Helpers One To Another)							10,000		
HealthQuest	500		600		1,500		9,650		
HealthQuest- (Utility Subsidy)	2,648		2,648		2,650		2,650		
HELP Center Inc (HELP Pregnancy Center)					7,500		7,500		
Hospice of Union County					15,000		18,000		
Humane Society of Union County, Inc	2,500		3,000		3,000				
James Recreational Camps			2,375						
Literacy Council of Union County (Program Ended in 2019)	0		0						
Monroe Athletic Foundation (Monroe High Boosters Club)	5,000		5,000		7,500		10,000		
Monroe-Union County CDC – Administration	18,700		20,000		25,000		25,000		
Police Athletic League	7,000		7,000		7,000		7,000		
Project G.O.D (Greater Opportunities Daily)							27,000		
Turning Point, Inc. – Operating	15,000		15,000		15,000		15,000		
Union Academy Foundation							20,000		
Union County Community Action, Inc.	25,000		25,000		25,000		25,000		
Union County Community Action, Inc. / Head Start (Utility Sub)	3,726	421,346	3,697	421,346	3,725	421,346	3,600	421,346	
Union County Community Arts Council	32,500	11,960	32,500	11,960	32,500	11,960	34,000	11,960	
Union County Community Arts Council (Utility Subsidy)	2,955		2,820		3,100		2,900		
Union County Community Shelter		19,416		1,618					
Union County Community Shelter/ (Utility Subsidy)	30,811		46,173		55,000		55,000		
Union County Crisis Assistance Ministry	30,000		30,000		30,000		35,000		
Union County Historic Preservation Commission	13,000		14,000		15,500		15,500		
Union County Public Schools		11,520		11,520		11,520		11,520	
Union County Youth Ballet	3,000		4,000		4,000		6,000		
Village Development Center	10,000		15,000		17,500		17,500		
Volunteer2ServeNGive Inc							12,850		
TOTAL ANNUAL AGENCY REQUESTS	**237,440**	**464,242**	**289,913**	**446,444**	**357,075**	**444,826**	**685,750**	**444,826**	**0**
Balance of Funding Allocated For:									
East Village Subdivision	5,184								589
Utility Fees Waived-Various	33,970				3,828				26,172
Monroe-Union County CDC – Down payment Assistance	3,366		7,500						15,850
TOTAL BALANCE OF FUNDING ALLOCATED	**42,520**		**7,500**		**3,828**				**42,611**
Total Funding:	**279,960**	**464,242**	**297,413**	**446,444**	**360,903**	**444,826**	**685,750**	**444,826**	**42,611**
Items not requested- calculated estimates									
New Agency Requests								1	0