

MONDAY-5:30 P.M.

JANUARY 28, 2008

WORK SESSION

The City Council of the City of Elizabeth City held its first work session of the year on the above date and time in the City Council Chambers of the Municipal Administration Building with Mayor S. S. Atkinson presiding. Council Members in attendance were: J. M. Baker, L. A. Hummer, R. E. King, B. S. Meggs, J. A. Stimatz and V. C. Watts. E. K. Rivers was absent. Staff members attending were: City Manager R. C. Olson, City Clerk D. S. Pierce-Tamplen, City Attorney W. H. Morgan, Deputy City Clerk V. D. White, Finance Director S. E. Blanchard, Planning Director J. C. Brooks, Human Resource Director K. W. Felton, Parks and Recreation Director J. D. Overman, Fire Chief W. C. Pritchard, Police Chief C. E. Crudup, Public Utilities Director P. A. Fredette and Electric Superintendent K. F. Clow.

Mayor S. S. Atkinson opened the meeting by welcoming those attending. He called upon Councilwoman V. C. Watts for the invocation after which City Attorney W. H. Morgan led the Pledge of Allegiance to the Flag of the United States of America.

1} APPROVAL OF THE AGENDA:

Mayor Atkinson called for the approval of the prepared agenda.

A motion was made by Councilman J. A. Stimatz, seconded by Councilwoman L. A. Hummer to approve the agenda as presented. Those voting in favor of the motion were: Stimatz, Hummer, Baker, King, Meggs and Watts. Against: None. Motion carried.

2} SUB-RECIPIENT AGREEMENT FOR HUGH CALE RESOURCE CENTER:

Mayor Atkinson called upon City Manager R. C. Olson to lead in a discussion of this item.

Mr. Olson stated that during our discussions at our last City Council meeting, he informed the Council that we would be bringing back to you at this work session a draft copy of a sub-recipient agreement with OIC for the use of the Hugh Cale Resource Center. He hit upon the highlights of that agreement and they included the following:

1} The term of the proposed sub-recipient agreement is from January 30, 2008 to July 30, 2008, a period of six months.

2} There is a provision concerning statement of work and the programs to be delivered. Those programs include: GED Classes, Computer Laboratory, Community Resource Room, After-School Programs, Tutoring and Meeting Facilities. Each one of these items are included within the Program Delivery section of the agreement have specific performance benchmarks.

3} This agreement states that there will be no funds given OIC via this sub-recipient agreement. OIC just like any other non-profit is eligible for funding through the Council's Discretionary Fund of Non-Profits.

4} The key provision in this agreement which basically controls the agreement is that we have to meet the national objectives that are called for regarding the benefits to low and moderate income persons.

5} There is a section concerning budget and finance which requires OIC to provide us a copy of their sworn line-item budget that is certified by the director or their treasurer stating that is what they are going to be using for finances in the upcoming year. The reason that we want to do that is we want to make sure that we can identify the revenue sources and the expenditures of that organization.

6} We are requiring that they provide us monthly progress reports concerning the activities that they have and the outcome that is included in the programs delivery section.

7} Basically there is a provision concerning general conditions. These are conditions that are usually incorporated in any one of our grants that are imposed on us by DCA which in terms receives these terms and conditions from HUD. Some of these have been customized for this particular grant but most of these are language that is found in the Code of Federal Register.

Mr. Olson continued by saying that OIC just received their copy of this sub-recipient agreement tonight. He was out of the office last week so some of this got to them late. We did receive a letter from Shirley Simpson requesting that we set down and discuss several of the provisions within this agreement. He thinks what staff is seeking from you tonight is general directions. Are we on the right track of what we have included or incorporated in the Agreement? Are there any provisions that you believe should be modified. Do we need to modify any of it?

Councilwoman Hummer said that she has five or six questions. At our last meeting we really didn't get into a discussion about the sub-recipient agreement. We were supposed to come back out and talk about it but we didn't. At that time, we had a staff recommendation that we take no action regarding the Hugh Cale Resource Center until the auditor reports come in. It further said that the City should avoid making any changes regarding the Hugh Cale Resource Center until school is closed for the summer. She has compared this to the original agreement and she has some questions. It says that they will vacate the building in June. That is kind of strong language. Why are we going to audit them and why are we making all of these requirements if they are going to be taken out of the building in June anyway. That is the way that she reads it.

Mr. Olson said that is not the intent of what is written in here. We went into great lengths with the City Attorney concerning that provision. He asked to first start a general discussion. Remember that we have two different agreements concerning the Hugh Cale Resource Center. One is the lease agreement. That lease agreement is a ten-year lease agreement with two five-year renewals. The City Attorney has gone over the provisions of the lease agreement and what is required within that lease agreement. Then we have the separate sub-recipient agreement which is referenced in the lease agreement. The section that you are referring to, "Reversion of Assets" where it says the Hugh Cale Resource Center will be returned to the City at the end of this agreement subject to the terms of the City's lease agreement with OIC dated November 20, 2006. Basically the lease agreement is the controlling document here. The sub-recipient agreement just handles the delivery of programs within the building. The separate lease agreement deals with who occupies that building.

Councilman Stimatz said that he didn't think that this should even be in the agreement. This infers that the lease ends with this agreement. This agreement has nothing to do with the lease agreement. He doesn't think that paragraph should be in here at all. You are talking about the operator. What if this was a different non-profit? Why would you put it in their agreement that the resource center would be returned to the City at the end of their agreement.

Mr. Morgan said that he would agree that this is not really necessary. As he recalls the draft that he went over on Friday had additional language which we deleted and it may be that Mr. Mani is aware of some federal regulation that required that language like this be in the sub-recipient agreement.

Vincent Mani, Community Development Coordinator came forward and stated that CDBG regulation requires certain sections to be mentioned and one of them is the reversion of assets. It is a required section. The building is one of the assets and it needs to be mentioned that we could get our building or our asset back.

Mr. Stimatz said that he understands your concern but the language as written infers to him that the lease agreement ends when this agreement ends. If you want to say that at the end of this agreement Hugh Cale OIC, the operator, agrees to return the facilities to some standard or in some condition to the City. But the way that this is written, it says the Resource Center would be returned to the City. That is not what we are saying. What we are saying is when the lease ends they are required to vacate the premises and leave the premises in a certain condition. He doesn't mind saying just that. We are not giving them an asset so there is no asset to return.

Mr. Mani said that normally the sub-recipient agreement and the lease agreement will run concurrently.

Mr. Morgan said that he would suggest that we include the last phrase there subject to the terms of the lease agreement. In his opinion our reference to the lease agreement there would imply to anyone that it need be that the two are to run hand and hand. The City cannot just ignore the lease agreement and require that OIC return the building to the City for whatever reason or on a whim at the end of this sub-recipient agreement. He thinks that with the inclusion of the subject of the terms of the lease agreement language that it covers it.

Mr. Stimatz said except he has a phrase, "Will be returned to the City". There is nothing to return because we are not giving it to them in the first place. The last sentence to him is all that is needed. All assets including the building must be returned. He goes back to the simple rental contract and it says that you will simply vacate the building and return it back in x, y, & z condition. That is all that we need to say to them. The irony of this is that they are also the landlord of this building.

Mr. Morgan said that the lease agreement includes the type of language that you are referencing.

Mr. Stimatz said that is a separate document and we are not discussing the lease agreement. We are discussing the sub-recipient agreement.

Mr. Morgan replied that he would have to refer to Mr. Mani to see if CDBG requires that some language be in this document to refer to assets.

Mr. Stimatz said that you can say any assets provided will revert to the City but since we are not providing any assets it is a moot point. But, you can cover yourself with that statement if you would like. You are putting language in here that you can construe incorrectly. If he can construe it anybody can.

Mr. Olson said what we can do if the Council would like is to delete that section. Remember DCA has to approve this sub-recipient agreement anyway. If you want us to delete that we will submit it to DCA and if they want it placed back in the agreement we will do so.

Ms. Hummer said that particular clause was not in the original and yet you are saying that DCA requires it. She still goes back and this is where it is so confusing at our January meeting. We were discussing or trying to discuss the lease on the building. And, we did not get into the sub-recipient agreement. She feels that Council should have had some input into that part of it. We got it Friday and you said that Ms. Simpson received her copy today. First of all on the lease agreement, Mr. Olson told her before the January 14th meeting that there was no need to even discuss the agreement on the building because she has a twenty year contract and we didn't need to go there and she was doing a good job and we should just move on. Then, since we didn't get to discuss it at our last meeting at all, but the next day there were several council members who met with you and it looks as if this might be the product of that meeting. You have added things in here that are going to require money. You have added time lines on the number of GED students that they have to have. You are requiring them to have three tutors for after school programs. Who is going to pay for the extra ones. Are you going to require them to have tutoring on the weekends? Who is going to pay for that? Does the school suspend twenty students a month? There is no mention of the CNA Program in this revised one and that is a program that generates the jobs for people and that is part of the training center. She still can't understand why we are looking at it when we were specifically advised to wait until the audit came back. She doesn't know where we are at this point.

Mr. Olson asked to address those issues. First of all as we discussed at the last meeting, if he crosses the line of items that were discussed in Closed Session, please tell him that he is off limits. You have the lease agreement. That lease agreement specifically makes reference to the sub-recipient agreement. You must abide by it and carry out the programs that were determined by DCA, the City and the Federal Government. This particular sub-recipient agreement controls that section of the lease agreement. The primary purpose of the sub-recipient agreement is to insure that individuals of low to moderate income benefit from the Center and the activities held in the Center. That is the national objective which you will find in Section "National Objectives/Regulations". If they do not provide services that benefit individuals of low to moderate income we are in violation of our agreement with the State and the Grant Agreement that we have with DCA. Remember, OIC is a sub-recipient, the City is the recipient. If there are any problems with how those services are delivered it falls back on the City. What the sub-recipient does it spells out the type of services that will be provided and it gives you an idea of what type of programs will be

provided. The programs have been modified somewhat to include the after school program which is not in the original sub-recipient agreement that they executed. You have to have a sub-recipient agreement that basically goes along with the lease. It is almost an addendum to the lease agreement. The reason the term on the sub-recipient agreement is not one year is because of the audit issues. Right now OIC could basically run and operate under the lease agreement and there is nothing in the lease agreement that specifically says that they have to offer programs for low to moderate income. There is nothing in that lease that says that. The sub-recipient agreement is the controlling document there and that is why it needs to be passed by the City Council. The reason for the six months is to basically allow the audits to be done and to answer any questions that members of Council may have concerning that. But, it is imperative that the sub-recipient agreement, maybe not this one or maybe a modified one, be approved by the City Council. DCA will be requiring that even though there is no financial commitment within the sub-recipient agreement it is a requirement that there be a sub-recipient agreement that outlines the programs, the services and to insure that low to moderate income individuals benefit there at the center.

Ms. Hummer said that still does not answer the question of why we were given a recommendation that nothing should be changed until the audit came in. It is a contract and she wants to be sure of what she is voting for and she believes that there is something in the original contract that also backs that up. We have made so many changes or staff has in this that it is almost like they can't be in compliance with these additional things that are being placed on them. The City is not giving them any money and she is not asking that we do, but we have some communication coming from DCA and communication coming from staff. DCA clarified that they could hold a religious service in the building.

Mr. Olson said that is incorrect as DCA was overruled by HUD on that particular item. They cannot hold any religious services in that facility. That is something that has been determined by HUD. There is a specific Federal Rule concerning that.

Councilwoman Meggs said that her problem with this is if we are saying that you have got to have the audit first, why then are we giving six months. It is almost like saying that you are going to get out of here in six months. She just thinks that it is a little bit harsh. She would like to say that Tony and she went down to the OIC and we spent two or three hours there. She had a complete change of heart and a complete change of her thinking. She would wholeheartedly advise any of the Council members that are unsure of what is going on to go down and see for yourself what is going on. She knows that there are some things that are wrong and she knows that Ms. Simpson knows that there are some things that are wrong. She thinks that we have someone that is over her that should have

been telling her that this is not right or that this needs to be improved. She thinks that we are just getting ready to throw out the baby with the wash water.

Mr. Olson said that right now the Council just needs to realize that we do not have a sub-recipient agreement with OIC. It expired November 18, 2007. There needs to be something put into place on that issue.

Ms. Meggs asked then why do we say June 30th.

Mr. Olson said that gives them six months to get the audits back. The audits cannot be done overnight as it will take several months to get the audits done and everything else.

Ms. Meggs said that she thought that we could terminate them if any thing was not just right. She thinks that we have gotten a little bit harsh.

Mr. Olson said that city staff is not proposing to terminate any agreement at all. The lease agreement, separate document, this is an addendum to that, says that the City Council can terminate the agreement for cause at any time. You can terminate the agreement within 180 days notice without any cause. That is it. The sub-recipient agreement basically needs to be executed to insure that the programs continually be delivered by OIC that they are presently delivering.

Councilman Stimatz said that he prepared a couple of pages of notes to the City Manager and he hopes that he provided them to you and he hopes that you have them in front of you. Some of them are minor grammatical but he would like to talk about the big ones. He too agrees that we have gotten away from the original sub-recipient agreement and he would like to go back to it because it focuses on job creation. It doesn't call for a lot of after school day care programs. It is his understanding that we created this center to help raise the standard and quality of life for all those that need it especially low and moderate income people. In his mind the thing to do is to go back to that original agreement and create two sections. You talk about program delivery. He would suggest that we make that required program delivery and we focus on those elements of the original agreement. In the original sub-recipient agreement we talked about an adult GED Program. It talks about the Computer Lab which is there. It talks about having a business incubator, which is there. It talks about having a resource room, which is there. That is what we should require. That is the minimum that the sub-recipient has to make sure is provided. If you don't do that then you are not providing the minimum stuff that we want. All these other things he would put in a column that we call, optional or additional program delivery. That is totally the discretion of the Sub- Recipient. If they can find the money to run a ten million dollar program out of there, we don't care. It is not our problem. If they want to run an after school care program and they

can find the money for it, let them run it. If they want to run a job development program, they can do it. If they want to run a specific job program like CNA, they can do it. We allow it and we are not giving them any money. They become the allowable ones. He wants to make it clear that he does not want to go beyond the original five elements. That is the minimum. We need to make sure that we are following the state and federal standards for those programs. This is a job training center and it clears a lot of things up. These are the things that you ought to do and these are the things that are being done.

In paragraph one you talk about ten hours a week of GED training and two hours on the weekend. It is not clear if the two hours are included in the ten hours a week or is an addition to it. They need to clarify that.

In paragraph two you say that the computer lab will be available to individuals. You don't talk about who these individuals are. Is it anybody that walks in off the street or is it only program enrolled persons and how is that determined?

In paragraph three, you left out the phase job opportunity, social services and educational resources because this is a place where people find out about job opportunities and to prepare for job opportunities. That should be in there as he thinks that it is important.

The next one is about Hugh Cale providing an after school program. If they want to do it then they can do it as long as it meets the standards. If they want to do the suspended school program they can do it as we don't care as it is not a requirement. If they can find the funds and staff appropriately fine. What ever agreements they have to get, they have to get on their own.

The last paragraph appears to be just a generic paragraph and he would be willing to accept that as the limitations in programs use.

You talk about in here that Hugh Cale cannot lease or rent any part of the building. It is unclear who you are talking about. Are you talking about OIC, the landlord or OIC the operator? That needs to be clarified. If they do the incubator program, somebody has to lease some space to them. Which hat do they wear? He can see OIC the operator not being able to lease to anyone. You need to clarify this reference. Additionally we want to encourage incubator programs. Ms. Simpson in the discussion that we had with her was very concerned about the rents being too high. She didn't have to say anything about this she could just take the \$400 because the more money she makes on the rents the more it would help her on the programs. She can't get people in there because that rent is too high. If you look at the number, \$400 which is the number she got from the City that is a terrible number. A reasonable or below market rate would be \$8 a square foot. For a 150 square foot space which is

about what those incubator spaces are, that would work out to \$100 per month. When you take their utility bills and divide it by the square foot of the building you would come up with a pro rata share which would be about \$30.00 a month. Then when you add an admin fee which would be another \$30.00; \$160 is a much more reasonable rent number. Should we set their rent for them? No. This gets back to the fact that we don't have standards for incubators. If we do, he hasn't seen any. How is incubator defined? How are incubators selected? Is the process fair and open? How long should businesses be allowed to incubate at a below market base? How long should it be allowed to maintain the space in total? His point is that we need to go out and find another program out there and see what they are doing and what their standards are to make sure ours meet that. There is a big gap in here. Ms. Simpson is very frustrated because she has no guidelines on what an incubator is. She has asked these questions. She has had some successes. This is the kind of thing that we want to generate.

In the National Objective and Regulations section you include a reference to the funds but we are not providing any funds.

In the Budget and Finance Section you talk about providing a budget and an audit. He would prefer that you put the date that it is due and the fund. The way it is now it is hard to figure it out. What is a sworn budget and why do we need it especially in light of the fact that we are not providing any funds? He is assuming that we want some sense of their management capabilities. He finds that it is interesting that we want this after all these years when we have ignored this for the last five years.

In the monthly reporting he doesn't know what progress we are looking for but he would rather have a results report. There is no progress here but there should be results. What is it that each of us on Council wants to feel comfortable with. What is our standard of success and how do we measure that. Who is being served? How many people are on welfare and how many are off because of this program. Those are the things that he wants to know about.

In the General Conditions section it goes back to what he talked about earlier in the required elements and the things that they can do. They can do anything they want in the options but in the general conditions section reference specifically what that program is doing and what it consists of. We ought to be saying that it must be carried out in accordance with what standards. How many kids can be in here? Has the fire marshal certified them for this? Do we have the right number of exits? Are the exits clearly marked? These are all questions that they should be answering. Here is the scary part, if we allow them to operate without these standards who is libel in the event of a catastrophe.

Mr. Stimatz concluded by saying that lastly, in paragraph F it says grantor recognition and it should say grantee recognition. His question to us is how will this recognition be insured. He will type all of these out and provide each one a copy.

Mayor Atkinson said that if anyone has a burning desire to jump in and comment, the staff as he understands it is looking for some direction from this council as to how to proceed. It is his understanding we are working without a sub-recipient agreement. It is also his understanding that we need one. After all of this he doesn't know if he was part of the staff if he would know which way to turn. It is not clear to him and we need to give direction and that direction maybe that we have about four of us to sit down and hammer these things out once and for all. He would like to hear suggestions. He knows that they want directions and he doesn't see that we have given them specific instructions. He asked Mr. Olson if he was ready to go forward.

Mr. Olson replied that he was more confused now than ever before. Unfortunately members of the City Council, Mr. Stimatz asked for specific items such as the rental policy for the incubators. We don't believe that is city staff's responsibility. We have requested that information of OIC. DCA has requested that of OIC. Those type of things. What we tried to do with this document is to put in specific performance measures because that is what he heard at city council meetings before. We wanted to know exactly what benchmarks those organizations need to follow. That is why we took this direction. If we are wrong we can go back to the old sub-recipient agreement and work on that. But, that is the direction that he thought that he had from City Council that you wanted benchmark or specifics and everything else instead of having a very loose agreement you wanted an agreement that had more teeth into it and something that we could actually set down with OIC at an end of a period and say you did this and you did this and you did not do that. The program delivery items we would have no problems doing optional and program delivery. But, that was one of the reasons he spent some time at our last council meeting under the original intent of the grant. He is talking five years ago. Not what we have been operating. You have to realize that the job training center was an off shoot of a former sub-recipient desire to put a facility on McMorrine Street. That is why it shifted from a resource center to a job training center. That is because that sub-recipient wanted to do a business incubator. That has hung on since Northeastern CDC was involved. That is the direction that we are trying to go. That was just one of the issues discussed in the original grant application that was submitted in 2001 to DCA. That is why he spent some time at the last council meeting going over it. That is why staff is confused and perplexed on exactly what City Council wants us to do. He thinks that we have clear direction from the City Council. We will be happy to sit down with members of the City Council and discuss this at length, but he thinks that the document needs to be

short and sweet that is easy to read by both parties. One that DCA can look at. He really doesn't know if specific standards are necessary. In a normal contract you sure would do that but these are what you call soft programs in the business. Certain information they can provide us but certain information they cannot provide under the Federal Code. He believes to his knowledge the stuff we have requested they have provided to us.

Ms. Hummer said that she believes the travel agency that was questioned was an incubator and she thinks that they finished their lease. She thinks Councilman Stimatz has brought up a lot of good points and she thinks that the original sub-recipient agreement is more in keeping with what that agency can do to be in compliance and we did not discuss the sub-recipient at the last meeting. As she said before it has been discussed privately and she has a problem with that. She keeps hearing that the Boys Club is going in there or Elizabeth City State. Can they provide these things? Can they take care of these at-risk children? This is what Councilwoman Meggs was talking about. She went over and saw what was going on and she has been there. She thinks that the directions should be that every council member should take the politics out of it and go to her place as some of us have already done instead of trying to dictate what we think that she needs to do perhaps overlap some of the programs. We had people to come up and talk to us that are teachers and professors. They don't work for free. It sounds like it is being written so that she can't comply with it. She thinks that any discussion the Hugh Cale OIC should be there to set down and go over it when we do. First of all Council should visit the center and then the manager and staff should set down with Ms. Simpson and go over the original one and see what has been done. To take the CNA out of it that takes the opportunity for people to get jobs out of it. We have had so much public input into this that we can't form good opinions until we have looked at everything. The most important thing is to look and see what she is doing and to consider who is going to take these suspended children if she doesn't.

Mayor Pro Tem Baker said that she has a short comment. She remembers asking about the accountability part and that is what we want to do in this agreement. We asked for monthly reports and they were not what she expected and she brought that up. A number of the successes just weren't showing the success that we were hoping to see. The after school program is wonderful and maybe there are other group programs but if we get a report that says that we don't have any GED graduates, that we don't have any new homes purchased as a result of the home counseling, it is very illusive to her. She does not see the results that she would like to see from a training center that has been in operation for a year. She thinks that it should be a combination of the old and the new sub-recipient agreements. She is in favor of changing the should to shall to be more direct and to ask more specifics what we are looking for. It is all about accountability and if we can hold someone's feet to the fire to be

accountable for the programs that they are supposed to be providing then great let's write it down and move on.

Councilwoman Meggs said that she understood from Ms. Simpson the other day that she has each month that she says how many has done this and that and she gives it to Ms. Mani. That is what she told us. She forgot how many CNAs have been through the program and passed it, but in order for them to become certified they have to go to Raleigh and pay \$100 to get this certification. A woman on welfare and she is doing this where is she going to get the \$100 to pay for it. If we want to do something and to help them and we got money she thinks that we should assist them.

Councilwoman Watts said that we should also bear in mind that as Mr. Stimatz said that it is not really a day care center. There are specifics here that he read to us asking us what we are suppose to be doing in that building. And, although it is a great idea and it is wonderful and she loves children as she has two of them, but again, the things that they should be doing whether the GED program, the computer lab, the business incubator, tutoring, meeting facilities or the community resource center, it doesn't really say anything about having an after school program or those types of things. The other thing that she would like to point out is are we talking about Hugh Cale OIC or is this Elizabeth City OIC. Have we determined if these are two separate entities here? She is confused about that.

Mr. Olson replied that is more of a legal question. Our agreement is with Hugh Cale OIC. They take Elizabeth City Hugh Cale OIC as basically the same organization. His review of the records indicates something a little bit different and that is more of a legal question and should be referred to the City Attorney.

Ms Watts said that she would like for that to be done so that in her mind she will be clear as to who we are doing business with. Last but not least, she is under the impression that we come in and she is new and there may be things that she doesn't know and so she is just going to ask the question. She does believe that last year that there were several dates that OIC was supposed to be scheduled to give an audit by the end of a certain date. Is she wrong in that?

Mr. Olson said that we received correspondence in November 2007 from DCA requesting that an audit be provided by both EC Neighborhood Association and OIC. Several letters went back and forth among city staff to both of those organizations because of issues that he got involved in and he basically made arrangements that the City would pay for the audit if we go back two years. The letter from DCA wanted four years. The ECNC had audits for 2003-2004, so they only needed to go back two years. Of course with OIC, they were basically just brought back in the program a year and we thought that it was efficient if they

provided us audits for 2005-2006. This sub-recipient agreement makes it their responsibility to pay for the audit for 2007. That is why there is a little bit of disconnect there because when we started this, we started back in November and the previous two years would have been five and six but now it is after the first of the year and the 2007 audit would be coming due. We made it their responsibility to provide that to us at their expense.

Ms. Watts said there was a date though. We gave them a date to have it turned in to the City.

Mr. Olson said that it was the first part of January and it is his understanding that the OIC Board met to discuss that issue last Thursday and he has not heard back if they have agreed to do the audit or not.

Ms. Watts said that all she is saying her point being is that we have asked for things and we have not received them. And, the other thing she wants to say is the idea is great but they have not complied with what we have asked them to do. The other thing is that they now have until July 30th to turn in those audits. We have given them until December 31st, January 11th, January 31st and we still don't have an audit. She just wants to make sure that we are not over extending what we would require from any other organization if we were dealing with another organization. That is all she is saying. She thinks that there are just too many loop holes and too many questions that need to be answered that she does not see how we can keep going along with them.

Mr. Olson said that staff is not requesting that the City Council vote on this issue. We are asking for direction. He has seven or eight different opinions that are around the table tonight and he is not sure what direction staff is supposed to go in. That has been the issue for the last four years with OIC and ECNC regarding which direction that we need to go with this. A new council comes in and there are different beliefs and different opinions and they want to go one way. Old Council has decided to do it different. City Staff has been trying to satisfy the City Council over the last four years on this issue. It has been a very decisive issue among members of City Council. It has been a very decisive issue in the community. City staff believes that our responsibility is this. We have a \$676,000 building that DCA paid for. If that building is not used to benefit low to moderate income individuals under our grant agreement we would be responsible for paying for that building or turning that building back over to the State. That is all that we are trying to do here. That is why you have specific wording concerning benefiting people with low to moderate incomes. They don't have to live in the Hugh Cale area they just have to be 51% of them having low to moderate incomes. Councilman Stimatz does make a very valid point in having certain information to draw on to determine if that individual is of low or moderate income. They fill out the paper work saying that they are on free and

reduced lunch then they are most likely of low to moderate income. There are other benchmarks that we can use without getting into what your annual salary is. If you are on certain social programs you are considered by definition on low to moderate income. He thinks that we have done that to a certain degree. When we get involved with CDBG grants for like DRS they have a very detail sheet. Each one of those employees had to fill out what their income was, what the family size was so we can make a determination on whether they meet the threshold for low to moderate income. That is not what we have done here. Usually individuals that partake in these programs are on other type of assisted programs and by them being on those types of assisted programs we know that they are low to moderate income.

A motion was made by Mayor Pro Tem J. M. Baker to table this item to a special called meeting; and to have staff bring back what they think encompasses more of our desires. Councilwoman V. C. Watts seconded the motion.

Councilman Stimatz said that he is assuming that you have a time table as to how long we are going to table this.

Ms. Baker replied to the next work session.

Mr. Stimatz said that he didn't know if we had time for that. That is too long. That is a month from now and we need to have it done sooner.

Ms. Baker said then at a special meeting.

Mr. Stimatz said that he doesn't have any problem if you go look at the old agreement and you just take that and leave it most likely as it is and make a few minor grammatical changes that he did and discuss all this other stuff for and after, too, etc. as additional services that can be provided, he thinks that you have gotten an agreement. We are not in strong disagreement on this. He gave you two pages of notes and if you like he will send them to each of you. That is the only major impact on what you gave us. We need to separate the required program delivery, keeping it almost virtually the same as the old agreement and then put all this other stuff down as additional things that you are allowed to do. If they come to us and say, we would like to have x, y, z, some new program that they have come up with, then Mani goes to DCA and they say yes it meets the criteria then we make an addendum to the sub-recipient agreement.

Mayor Atkinson said that is what we are all hearing. Before we vote on the motion, Councilman Stimatz made a statement as to why are we stepping up to the plate now. After all of the dialog and letters and e-mails that he has been reading over the last month, he thinks that the time is to step up to the plate

and let's resolve this issue. He thinks that Mayor Pro Tem's motion to table the issue is a good one, seconded by Councilwoman Watts. He wants to move forward with this and he thinks that we are heading in the right direction.

Mr. Stimatz said he will disagree with you. His characterization was not about this issue as a whole. His characterization by stepping up to the plate had to do with the specific items within the entire agreement, one paragraph. He does not like it to be taken out of context on these issues. He is here to step up to the plate and he spent a long time writing two pages of notes and they are pretty simple and he thinks that we all need to decide what day we want to come back on this issue. It cannot wait. He suggests that you table this to a special meeting on Friday.

Ms. Watts asked when do we have to have this.

Mr. Olson replied that the sooner the better. We have been without a sub-recipient agreement since November 18th. Our only concern is that right now there is nothing to guide OIC and what programs they are supposed to be delivering. They are continuing with the programs that they have and to his knowledge they are doing a good job at delivering those programs. We still need to have an agreement that ties directly back to the lease agreement. The sooner the better. It was his intention to have this item as discussion tonight and bring back a final version of it at your first meeting in February.

Mr. Stimatz asked to suggest that we send a letter to DCA telling them that we are in the process of negotiating and that in the interim we will continue to operate under the existing agreement. At least that would say that we have something that we are following.

Ms. Hummer said that she would like to offer an invitation to the Council members that haven't done so the opportunity if they care to visit the Center, to do so. It is an asset to the City that we have to protect and we should make ourselves aware of what programs are over there and how it is operated.

Mayor Atkinson said that he would like to say to Councilman Stimatz that he didn't mean to take what you said out of context as it was hard at one moment there to really pin point exactly where you were going with it, but, if I took it out of context, he apologizes to you. He still says it is time to step up to the plate in regards to this whole issue.

There being no further comments on this motion, Mayor Atkinson called for a vote on the motion.

Those voting in favor of the motion were: Baker, Watts, Hummer, King, Meggs and Stimatz. Against: None. Motion carried.

3} UPDATE/DISCUSSION – WATER AGREEMENTS WITH PASQUOTANK COUNTY:

Mayor Atkinson said that in light of the fact that it is 6:50 he is going to ask that we move this item to our Regular Agenda on the Regular Meeting Agenda.

A motion was made by Councilman J. A. Stimatz, seconded by Mayor Pro Tem J. M. Baker to move the Update/Discussion – Water Agreements with Pasquotank County to the regular meeting agenda beginning at 7:00 p.m. Those voting in favor of the motion were: Stimatz, Baker, Hummer, King, Meggs and Watts. Against: None. Motion carried.

4} COMMITTEE REPORTS:

Mayor Atkinson stated that he would call upon each representative of each committee for a report.

a} Albemarle Economic Development Commission:

Councilwoman Meggs reported we had a very productive meeting and the main point out of that meeting was we have a group that is going to Washington, DC.; Mayor Atkinson, City Manager Olson, Wayne Harris with AEDC, Oliver McPherson and Scott Hinton. They are supposed to go up and meet our senators and other elected officials and hopefully get a commitment for more funds for the aviation project.

Councilwoman Hummer reported also that she handed the gavel over to Commissioner Matt Wood who is the new chairman of AEDC and Councilwoman Betty Meggs was elected Vice-Chairwoman and Don Prentiss was secretary.

Mayor Pro Tem Baker said that the City has received a lot of press following the launching of the Ron Paul blimp. We still continue to get good exposure nationwide from that one little event. Also, the EDC has launched their web based newsletter and that is getting a lot of attention on the Internet. She believes it is discoveryec.com.

2} Central Communication Committee:

Councilman King said that his first meeting will be next month.

3} Elizabeth City-Pasquotank Airport Authority:

Councilman Stimatz that he went over a couple of weeks ago and met with Scott Hinton and received some past history on what they are doing out there. It was an eye opener and he learned some things and made some connections that he hadn't made before. They had a meeting last week and he was unable to attend since he cracked a couple of ribs.

Mayor Atkinson said that he did attend that meeting at the Airport Authority and he will just say that a lot of exciting things are coming from that area and the City has a lot to look forward too.

4} Fireman's Relief Fund:

Councilwoman Watts said that she doesn't think that they have met as yet.

5} Joint Land Use Plan Committee:

Councilman Stimatz stated that we are still waiting for a response from CAMA regarding the draft land use plan. It has been some time now. Until we get a response back from them we are pretty much in limbo.

6} Joint Re-Development Commission:

Councilman King reported that they had not met yet.

7} North Carolina Eastern Municipal Agency:

City Manager Olson reported that they had not met this period.

8} Tourism Development Authority:

Councilman Rivers was absent.

9} Elizabeth City Downtown, Inc.:

Councilwoman Meggs reported that they met last Thursday and they had a lot of discussion but there was nothing that was earth shaking to report.

10} Water Committee:

Mayor Pro Tem Baker said that they had not had a recent meeting.

6} ADJOURNMENT:

Mayor Atkinson said that since there was no further business to discuss at this work session, that he would adjourn the meeting.

Dianne S. Pierce-Tamplen, MMC
City Clerk

Stephen S. Atkinson
Mayor