

**FRIDAY-10:00 A.M.**

**FEBRUARY 8, 2008**

**SPECIAL MEETING**

The City Council of the City of Elizabeth City held a Special Meeting on the above date and time in the City Council Chambers of the Municipal Administration Building with Mayor S. S. Atkinson presiding. Those members of Council that were present were: J. M. Baker, L. A. Hummer, R. E. King, B. S. Meggs, E. K. Rivers, J. A. Stimatz and V. C. Watts. Staff members attending were: City Manager R. C. Olson, City Clerk D. S. Pierce-Tamplen, City Attorney W. H. Morgan and Planning Director J. C. Brooks.

Mayor Atkinson opened the meeting by welcoming those attending. He called upon Councilwoman B. S. Meggs for the invocation.

**1} SUB-RECIPIENT AGREEMENT WITH HUGH CALE OIC:**

Mayor Atkinson stated that we will be discussing the sub-recipient agreement with the Hugh Cale OIC. He wanted to make a couple of comments in order to make sure that everyone understands clearly that this is a working draft that we have before us. We are going to be discussing possible changes, deletions and additions to this document. No final decision will be made today. We are going to put this item on a later agenda for action at that time. He called upon City Manager R. C. Olson to lead us through this discussion. He has asked Ms. Perry and Ms. Simpson to be the spokespersons for OIC. We are not going to follow our normal procedure of signing up to speak. He has asked these two ladies to represent the audience today. He wants them to feel comfortable if they have a question as we move along that they can raise their hand to be recognized by him. We are glad that they are here and we want to move forward with this on a timely basis.

Mr. Olson stated that as the Council is well aware the staff did draft a sub-recipient agreement that was discussed at your last meeting. There was considerable amount of comments from members of City Council which require a redraft which you have in front of you. What he would like to do is go over this basically section by section to discuss why certain things were put in and see if there is any type of concerns by members of Council or members of OIC.

The preamble which is the first four sentences is the same as what was provided earlier. Those are basically standard preambles the City Attorney has reviewed them and he saw no major problems with it.

The Statement of Work which is basically the meat of the document has been divided into two separate sections. One was section A which is the required program delivery and Section B is the allowable optional program delivery. Under the first part the statement of work, OIC will be responsible for coordinating the City, DCA, and HUD approved programs and services delivered at the Hugh Cale Resource Center for a period of January 30, 2008 to July 30, 2008. Hugh Cale OIC will receive no financial compensation from the city for the services provided in Hugh Cale Resource Center under this agreement. That is because our Revitalization Strategies Grant has ended. If the City Council wanted to give OIC funds from normal non-profit appropriations they would follow the same process as other non-profits. The next sentence was added: The separate lease agreement for the Hugh Cale Resource Center requires a sub-recipient be designated to provide these services for a period mentioned above. The programs and services will include the following activities eligible under the Community Development Block Grant Program. Then we get into the required programs.

Councilman Rivers asked before we start he would like to know if we have the original sub-recipient agreement that was granted when the grant was written.

Mr. Olson replied that he believes that we have a sub-recipient agreement but what we have is the actual agreement between DCA and the City which was a very short document that was basically wide open. At an earlier Council meeting we have provided you a chronological sequence of events from Year One, Year Two with what the deliverables were so on and so forth.

Mr. Rivers said that the reason that he asked that until what was entered into when this was taking place if that sub-recipient agreement was great from DCA standards, and he has read everything that has been put in here, but if DCA had already approved of the very first one that was entered into then why make or come up with all these new rules. Why not just go to the original one that has already been approved and signed by Hugh Cale OIC, the City of Elizabeth City and approved by DCA instead of going through and adding a hundred more program delivers. He wants to know why we are making it difficult when it has already been approved.

Mr. Olson said that he is not sure which sub-recipient you are referring too. Are you referring to the one that was executed in 2001-2002 or the one that was executed in 2004?

Mr. Rivers replied what he is asking that if one had already been signed and approved and accepted by DCA, the City and OIC why create something new now when we had something put in place five years ago when the grant was first written. We can go back and get the sub-recipient when we hired RCDC. It

doesn't matter to him but he is saying that it had already been approved and accepted so why create a new wheel now is what he is asking.

Mr. Olson said that there have been a couple of changes that DCA made which the sub-recipient is familiar with. We have starting two or three years ago we had to basically now do an annual performance review process where we basically have to provide to DCA certain deliverables. That is how they judge and HUD judges the program on whether it is successful. He thinks in this document as we have tried to quantify certain deliverables performance measures that we can incorporate into our annual performance review report that we send DCA that is due in January of every year.

Mr. Rivers said then the one that we did before was wrong.

Mr. Olson said no that it wasn't wrong there have been changes made in the rules and regulations.

Mr. Rivers asked if we could take the first one and add the RPR and move on. He guess he is trying to say that he is not for creating a whole new document when there has been one put in place and DCA has accepted it. He understands what you are talking about. Let's get some measurable things and add that to what has already been proposed and move on.

Councilman Stimatz said for your information Mr. Rivers that is exactly what he did in his comments that have been added in here. He went back to the agreement that was signed in October 2006 and took out the language verbatim and those are the program required deliverables. The add on are things that since OIC are currently doing and they would like to continue. So that is what this document reflects. It reflects the 2006 agreement plus the programs that they are currently doing in addition to that agreement. The only other minor changes are some that staff has added in specifically the performance measures. This document does what you say.

Councilwoman Hummer said that she does not understand what you mean by minor changes but the main program that OIC has been successful with and that is the Suspended Students and At-Risk Children has been completely removed from the re-written one. She has a big problem with that removal.

Mayor Atkinson asked to jump in for a moment. He would like to make a couple of observations. Number One, Mr. Rivers certainly brings out a valid point. It is his understanding that we are the recipient of this document and the OIC is the sub-recipient and it is his understanding his short time here that there had been areas that needed to be addressed, some enhancements made to the contract that will be valuable to OIC as well as giving some protection to the City as being

the recipient and they being the sub-recipient. Before we jump ahead to the internal meat of this document such as the After School Program and some of those things he thinks if we proceed paragraph by paragraph he thinks that we will come to a conclusion that may be particular issues is still in the documents. Let's wait until we get there so that we are not jumping around in this document. With that he called upon Mr. Olson to continue.

Mr. Rivers said that he would like a copy of the original contract. That way he can set here and see what has been added.

Mr. Olson asked to broadly address that. What we did between the 2007 version and the version of what is before you right now, basically the statement of work has been changed in staff opinions a more adequately reflections of the services that are being provided by OIC.

Mr. Rivers said that our funds can only be held off the job training center if that is what we entered into with DCA. The grant was funded the very first year and he thinks that this needs to be brought out because if you want to give an over cap on why we were selected for the grant. The grant was approved from the talking with the leaders of DCA because of the Homeless Shelter. We were number two. The Homeless Shelter and then the Job Training and the points that were awarded from the job training, homeless shelter and the housing. What he is saying is now after reading this section on what was presented to us and then looking back at what we have with the original agreement this is more of a management style like this. He is looking at times- 9:00 a.m. to 8:00 p.m. If you are telling him that DCA is going to hold us accountable for these times then he is looking at this first agreement that was approved by DCA, the City and OIC. He has read everything and it seems to him that we are trying to tell them how to manage this program. This was approved for a job training facility. The additional things that are being offered to the community are a plus, so he is not knocking that. He is not trying to tell someone how to run their business. As long as they have the job training facility which DCA is holding the City to standards to have a job training facility everything else is a plus. Why are we trying to tell them how to run their plus? Lets just stick to the original agreement, put the APRs in there which Rich suggested so that we don't get in trouble with DCA and move forward with that instead of putting in a whole new document on the table at this time. That is just what he is saying to Council.

Mayor Atkinson asked to back up for a moment. This morning we are here to discuss the document that is in front of you. He hears Councilman Rivers clearly in his concern about it, but he would like for us to continue to discuss this document that we have before us. We are going to try to provide a document to Council that will be adequate and will cover the needs of Council as far as DCA is concerned and also address all the issues if there are any that OIC may have.

Let's talk about the document that is in front of us today and let's go through it as he is doing, paragraph by paragraph. Feel free anyone to raise you hand and be identified and then we will discuss it at that point. Mr. Olson if you will continue.

Mr. Olson said under A - Required Program Delivery: Adult education classes, in the Hugh Cale Resource Center, for the purpose of students eventually receiving their GED. The program should provide education services to at least 15 new adult students every five months and the program will produce at least five new GED graduates (with State recognized GED certificate) every five months. That is a specific performance measure that staff has put in there. That is not a requirement that the State is going to impose on us. One of staff's concerns and he will let Ms. Simpson reply but he does not believe that anyone from OIC has received a GED. That is merely a concern that we are offering a program through that center which has been one of the programs from the very beginning since 2001 where we have no deliverable. They have been in operation and they have had several students to go through the GED class but he does not think anyone has ever received a certificate from there.

Mr. King said that he has a problem. His problem is he went to the Center and he observed who was actually taking the GED program. You have someone that has been out of school for twenty-twenty-five years and they have to go from adding one to one to two. He understands that it takes a long period of time, it really does. Now, that they are adding another component into the GED Program which is the writing component it makes it even harder. This is for low to moderate income people. We are not talking about kids coming out of high school say two years and now have decided to get their GED. We are talking about people that have been out of school for twenty-five to thirty years that are trying to better themselves. It is hard. If he had been out of school for twenty-five years and trying to get in this program would be hard. He does not understand why we have to have weekends. Why do we have to have this place open on the weekends? Maybe that is just him. We are not paying OIC to run this on weekends so why we must put in that they have to be open on weekends.

Ms. Simpson said that she would like to piggyback on what was said. The program is not designed to say that a GED has to be received in a certain amount of time. We are working with low to moderate income individuals with a lot of barriers so therefore, like you said, twenty-five-thirty or whatever years they have been out of school; we have got to start from the beginning. Our funding source does not put a time limit on it. College of the Albemarle does not put a time limit on it. You work individually according to your ability to achieve it. There is a penalty to testing early and failing it. If you test early and fail you have to wait six months to come back and to test again. Now, back to the

funding sources, our funding sources say that yes we do use teachers with credentials. One has his Masters and the other young lady that does the math does not but we bring in an extra instructor for math because again we are looking at those that have been out of school for a number of years and the math has changed. The funding is not there for weekends. The funding is there for the nine hours.

Mr. Stimatz said that he would echo the same things that Mr. King has said. There is a quote that General Sherman said, the worst thing you can do is to tell a man what the goal is and then turn around and tell him how to get there. He thinks that if we set the goal and leave it to them how to satisfy it. His problem with a couple of these was he does not know what the standard that says at least a BA Degree and the ten hour week and the two hours on the weekend. He realizes that these are measurable things. It is nice to measure those things, but the weekend requirement; again we are not providing them funds for those. They are doing it on their own and we have to leave it up to them. We do need to set goals for deliverables, outcomes that we can measure. We haven't graduated any within the last twelve months so hopefully we will get some out this month. There are two or three places in this document that he would suggest in this particular line, the last two sentences be struck. You can pull a program standard from somewhere rather it be from HUD has one or someone has one that says if you run a GED program you have to have XYZ. Or, we put the words in; the program should provide education services utilizing qualified teachers. Then reference the standard. Don't create or write our own words in, don't require a BA. He doesn't know what the National Standard Program for GED requires for a teacher. We need to refer to that. It is up to OIC to find that a resource and have it happen. The same thing is true that later on when we get there we can talk about it.

Mayor Atkinson said let him jump back over to Councilman King. He had suggested and we are not going to vote on this today but he knows that you had an issue with that, the last two sentences. If they were struck from the document, would that address some of your concerns?

Mr. King said that when you require fifteen graduates that is a lot. Again, we are going back to the low to moderate income and we don't have that activity. His problem is if we were getting people just out of high school, it would be different. It takes a while.

Mayor Atkinson said that the fifteen adults every five months are three a month. He does not know and he would like to jump over if he may and he certainly does not want to put anybody on the spot, but he would like for one of the two ladies to give us a brief comment about the three per month. If that sounds excessive to you or does it sound like something that you can live with.

Ms. Simpson said that enrollment is not the problem. It is the outcome. We have fifteen and above in the class, however those results and committing ourselves to fifteen GED students receiving their certificates is where the problems come in because we can't guarantee you. If you go back and look at the records like you just said, no one got it last year. Of course they are testing now. They are ready to test and we feel comfortable that they are passing and they are passing.

Mayor Atkinson said that he guess the intent of the document is to see progress and that is what you want. That is the intent of the document to have a verifiable way of having you tell the City and we tell DCA, yes we have been successful with the program. He thinks that is the sum of the intent of this document. What we can do here is that it has been suggested that the last two sentences be struck from this document. Is this something that we can live with or is it something that we cannot live with as far as Council is concerned.

Mr. Rivers said that he likes what Councilman King said. Hugh Cale OIC will provide adult education classes in the Hugh Cale Resource Center for the purpose of students eventually receiving their GED. He will back that up with how many taps when you gave us a budget three years ago, you told us that we were going to do 300 new homes. We haven't reached that standard in three years because the market has dropped. Our budget is taking a hit because we are not getting the taps. He is just saying let's go with the first sentence. Hugh Cale OIC will provide adult education classes in the Hugh Cale Resource Center for the purpose of students eventually receiving their GED and then add what Councilman Stimatz was talking about with a qualified teacher. That is measurable because they have to show people are coming into the classes. How fast they graduate to him is not a point.

Mr. Atkinson said that is a great point and so that we can move forward here, is it a fair statement to make that we have some sort of consensus on striking the last two sentences on this document on Item A.

Councilwoman Watts said just for that portion that Mr. Rivers brought out.

Mr. Atkinson said what we are talking about right now is the last two sentences.

Mr. Olson said let him read what he believes is where we are going with this. "Adult education classes, in the Hugh Cale Resource Center, for the purposes of students eventually receiving their GED taught by qualified teachers. The program shall provide educational services to at least fifteen new students every five months." Everything else is deleted.

Mr. Rivers said that he is not for the fifteen every five months. Let him ask you a question. If she is capable of carrying twenty-five students and those twenty-five students take two years to get their GED, how can you bring in a new fifteen without putting the others out? You have twenty-five taking the GED, and then in one year they don't receive their GED.

Mr. Olson said that we do need some type of standard of how many. One person every month is that adequate. He thinks that Ms. Simpson will tell you that would be ok. She just told you that she didn't have a problem getting new students it is just the deliverables that is the problem. Correct.

Councilwoman Meggs said that she thinks it should be the goal of having, but to say that they should have isn't the way. It gives them a little lead way.

Mr. Atkinson said that he didn't have a problem with that. Have you heard what Ms. Meggs said? Is it acceptable generally speaking that we delete the last two lines of it and make the insertion that Mr. Olson read to us at the end of sentence one. Add the word goal. Mr. Olson would you explain this to Ms. Simpson and Ms. Perry.

Mr. Olson said that you have a series of GED classes, do you not. Is it just an open enrollment, you show up no matter where the class is and you give them instructions cycle. Most GED classes are taught in an envelope basically. You start at the beginning and you go through a five week session. That is how most GED classes are. COA does it like that.

Mr. Atkinson asked is it the consensus that we make the changes that we just talked about. Is that agreeable? This is a draft document. He doesn't think that we are going to be signing any documents today, so if that is agreeable then we will ask Mr. Olson to make those changes. Let's move forward.

Mr. Olson asked to read what will now be in the documents. "Adult education classes in the Hugh Cale Resource Center for the purpose of students eventually receiving their GED shall be taught with qualified teachers. The program has a goal of providing educational services to at least fifteen new students every five months."

Mayor Atkinson said that we will move on to #2.

Mr. Olson said that #2 is a computer laboratory which will be available to program enrolled individuals to allow them to look for jobs on-line, work on resumes, obtain their GED, take a class on line, complete homework and class projects. The lab will be open from 9:00 a.m. to 8:00 p.m. and four hours on Saturday and Sundays. The coordinator may limit access to lab by adults when



children are using the computers during certain specified published hours. The coordinator shall keep a log of persons using the lab with name and address of individuals, as well as the hours during which those individuals use the lab. He does not believe there is any problem with this, is there?

Ms. Simpson said that their problem is with the 9:00 am to 8:00 pm and four hours on Saturday and Sunday. We don't have the funds to pay for that. In fact the lab now is run by the receptionist and with assistance with Mr. Baum if anybody needs to come in to use it. We don't have a staff person for that because our funding source doesn't cover that. Of course we offer the services and those coming in can get help. But, at five o'clock those two that we are using during the day are gone. Then at 6:00 pm the computer lab has another class in it.

Mr. Stimatz said then we can just delete the second sentence. It will be available to program and individuals. They need to set the schedule. If we were giving them money it would be a different story. If we are going to require it and pay for it then that is one thing, but if not then it is a different story altogether. They have to have a computer lab as that is part of the grant and they make it available.

Mr. Atkinson said that your suggestion is to delete "the lab will be open from 9 to 8 on weekdays, etc." He will ask Mr. Olson to not include that sentence in the new draft. Let's move to Item 3.

Mr. Olson said a community resource room will be maintained to house brochures, flyers, newsletters, a bulletin board, and other sources of information regarding area job training and opportunities, social services and education resources. Hugh Cale OIC shall keep a log of persons receiving services in the building, including their names and addresses.

Ms. Simpson said that we do everything but the addresses. Those persons coming in for services have to sign in but their addresses and phone numbers we do not do that. We could do that though.

Ms. Watts said that she has something to say and she doesn't think Ms. Simpson would mind and she thinks that she does anyway. As a matter of fact she was there with Mr. King a week ago. She would like to compensate for the hours that you will be open just for the public just so they will know when they can come into to take their GED. She thinks that she already has her hours posted.

Ms. Simpson said that they are posted and Mr. Mani has our hours of operation and how it is operated all week. It shows what the classes are, rooms and all.

Mr. Atkinson said then Ms. Watts you would like to have the hours included in the document. You can provide those hours to Mr. Olson.

Mr. Rivers said that he thinks that is great but, we are not talking about putting it in the document, are we?

Ms. Watts said that she was thinking that we should so that we can have an idea of when she is going to be open and if it is 9 to 12, it doesn't really matter. She has them on the door anyway.

Mr. Stimatz said reading further on it talks about amendments. If Ms. Simpson changes her hours then we have to come back and renegotiate the agreement. We can find out when they are open by calling them or going down and looking at the wall or calling Mr. Mani or call Mr. Olson. He understands and it is no different than telling them the lab will be open whenever they are. If they decide to change their hours because their staff changes are we going down and telling them that they violated the agreement? His point is that if they have them posted down there people will find out the hours and we can find out by a simple phone call.

Mr. Olson said that he would recommend that the City Council require that it is open so many hours. You don't dictate to the sub-recipient the hours of operation but it must be open forty hours a week. That is why Item #2 we had specific 8-9 because that basically establishes it will be open from 8-9. If you want to we can put in what is acceptable amount of hours during the period of a week. Fifty hours a week, sixty hours a week.

Mr. Atkinson asked Ms. Simpson to provide that info to Mr. Olson the first part of the week. Let's move on then. We are all happy with Item #2, is that true. Let's go to Item #3.

Mr. Olson said that a business incubator program which will provide entrepreneurs with support and assistance in developing a new business venture. This program will include: dedicated office space; below market rents; shared use of equipment such as faxes, printers, computers and copiers and training through small business development workshops and other methods.

Ms. Simpson said that she thinks the rent should be lower. Also, looking at the time frame that they are in there, if they are ready to move out in a year, then their lease could be terminated, however they wanted six months or whatever. She thinks as far as incubators are concerned that it should be spelled out in more detail.

Mr. Olson said that what he is proposing which is not available to City Council is that OIC shall provide the City a copy of their rental policies and procedures for the use of the Center and the incubator facility. That is a requirement of DCA that has been imposed on the City. Basically through the policies and procedures you can establish how your incubators are being used. You just have to establish a policy and procedure. That would be in addition to Number 4. OIC shall provide the City a copy of their rental policies and procedures for the use of the center and the incubator facility. That includes not just the incubator but also if you want to rent out your training room for a group to come in as long it is not religious you can do that, but we need policies and procedures as DCA has asked to see a copy of your manual and we do not have that.

Mr. Atkinson said that he might add that anything that we can do to help assist with that policies and procedures we will be happy to help you with it if you want that help. We would be happy to help you with it.

Mr. King said the amount of space that is offered for \$400 is a lot of money. He thinks that we can give OIC some kind of directions on how much they can charge. What he saw was a match box and they have to ask for \$400.00.

Mr. Olson said that would be covered in that new section, OIC shall provide the City a copy of their rental policy and procedures. In that they should have a price per square foot for rental of an incubator facility.

Mr. King asked if we were giving them that or they are giving that.

Mr. Olson said that they are going to tell us.

Mr. Atkinson said that you are right Mr. King but that is one of the enhancements that we are trying to make to this document.

Mr. Olson said that ties into below market rents that are in the section that he read earlier. He moved on to Item #5. A training room will be available on site to host workshops, trainings, conferences, and seminars however OIC must provide written permission from the Office of the City Manager if the proposed use is not part of the terms mentioned above or in Section I-B.

Ms. Simpson said that the meetings that they have regularly in there such as community meetings and if it doesn't pertain to the program we cannot lease the space without your permission.

Mr. Olson said that we just want to know what programs are being operated that is not part of the basic package and stuff. The reason why is because those

become deliverables and we need to send them in on our APR report to the State.

Mr. Atkinson said that if he heard Ms. Simpson correctly, she is saying that anything other than what they are doing is in compliance with the agreement and anything over and above that you stated that you are getting permission from the city manager to operate additional instructions. You are already doing what this says.

Ms. Simpson replied right. What she is hearing is that training room if someone asks to use the training room to hold workshop training or a conference then we must contact the City Manager office. Is that correct?

Mr. Olson replied that if it is not specifically spelled out or does not fall within any categories that are listed from one through five under Required Program Delivery or from one through four under Allowed Optional Program Delivery, yes.

Ms. Simpson said a community meeting and she has had an occasion that when a congressman or senator that stops in and asks if they could use the building tomorrow morning. Congressman Butterfield did that last year. He asked if they could use it tomorrow morning and she said yes. Now, if we have to get permission from you before we can say yes to an official that comes into the City and feels that they want to use the building.

Mr. Atkinson said yes just a quick phone call.

Mr. Rivers said that it says written permission here. He just thinks that we need to remove OIC must receive written permission from the office of the City Manager if the proposed use is not part of items mentioned above. When it comes down to the police department or any other department and they have a meeting, they do not contact City Council to see if they can use our facility. They pay their electric bill, they pay the clean-up bill and they pay if the windows get broke and they keep the insurance and as long as they keep the facility which we are asking them to make sure that they come back in, if they want to rent it to Congressman Butterfield, he doesn't think that Rich needs to be called to ask if they could rent it to Butterfield. He might not like the candidate. So why are we going to get into something if he says no and one of us council persons then all of sudden says that you should have let them use the building. That is a conflict between Rich and the City Council and he doesn't think that we need it. They have to generate income for themselves. It is a rental place for the community.

Mr. Stimatz said that he will ask the question of the attorney. Does this get into renting the space for political purposes? It is the city's building. You can just make a phone call and if Rich agrees then fine.

Ms. Simpson said that he wasn't campaigning. From her understanding last year from Mr. Olson that certain activities could be held in there as long as they were respectful and they were not a nuisance to the community, they were all in the lease as long as it didn't pose a problem that we could do this. That is why when she has had a couple of them stop in and she made the building available to them. Of course, the community is going to want to use that building. They use it once a month.

Mr. Stimatz said that we should just take the word written out and that covers you. You can then never be accused of giving the building away to anybody. You have a monthly crime watch meeting, you have another community meeting that uses the building on a monthly basis just send him a letter rather than calling him every time telling him that these will be the meetings that will be held in the center and are they ok. If he says yes, then you have a piece of paper telling you that they are ok. That is all that you have to do. Further down in this document it says that you as the sub-recipient cannot rent space, but as the landlord you can rent it.

Mr. King asked Mr. Rivers what was his suggestion to have written in Item #5.

Mr. Rivers said, "A training room will be available on site to hold workshops, trainings, conferences, and seminars." He will refer to another example. Schools are owned by the County. The schools can rent it or lease it to whom they would like and they don't have to get written permission from the County Manager. That is a point and you can look it up and that is not more information that we should be putting on Rich.

Mr. Atkinson asked Mr. Morgan and he thinks that this example will come up frequently this morning, could you address the issue if it is something that you see that is legally impertinent about us being the recipient of the agreement and OIC being the sub-recipient as opposed to a school saying that you can come in and use the facilities. Is there any legal aspect of this that needs to be brought up at this time?

Mr. Morgan replied that not that he was aware of but what he would proposed is if we remove "written" from the document, he believes that covers the situation and also he can't image that there would be many times when Ms. Simpson would be asked by someone like Congressman Butterfield or someone else to use the building when there wouldn't be enough lead time for communication to go from her to the City Manager's office and back. For instance, community

watch or community policing meetings are set for a particular time each month and one blanket letter would cover that. He does think that from the City's perspective that we need something in the documents that requires permission and it doesn't have to be in writing but permission from a city representative for use other than those listed here. He thinks that something should remain in the document. We are not really talking about a rental as Congressman Butterfield situation no money is paid so we are not worried about sub-leasing or rental of any of these kinds of things. He thinks a use situation is accommodation to the group or individual that wants to use the facility is the way that it needs to be handled. He does think that we need something in the document.

Mayor Atkinson asked Ms. Perry and Ms. Simpson if the word written was struck out and a letter was written and we can certainly help you with that and Mr. Morgan would be more than happy to sit down with you and draft a letter that would meet the requirements in this issue. Would that seem fairly reasonable to you?

Ms. Perry said that yes it would if you would draft a letter stating the groups that are meeting then we wouldn't have to do this every month and it would be included as a community affair. It could be where we get together with the parents or something and we wouldn't have to come back every time a meeting is scheduled.

Mr. Olson said how about if you provide us a monthly calendar of events at the center. We have other organizations that do that. They just provide us with a monthly calendar of events. They just put us on their mailing list realizing if it is not on that monthly calendar and it is a last minute thing that they need to receive permission because staff believes that this City Council needs to know what is going on in this building because we are the ones that are going to get the phone calls saying did you know that they are having this and that. We want to at least know that in advance. We will strike the word "written" and add to the last sentence, "monthly calendar".

Mr. Atkinson said we will move on. He will tell you what ladies, why don't you do this. Why don't you think about what we said and if you have any questions call Mr. Morgan? We do need to address this issue. That is little bit of a question mark here but he wants you to think about it and work with Mr. Morgan and the City Manager and let's put this item to bed. It is not a big thing. If that is agreeable to Council then lets move forward.

Mr. Olson said that Section B is the allowed optional program delivery. Those particular items fall outside of what had been historically the previous sub-recipient agreement that we had with OIC. Number one is an after school educational enrichment program with tutoring for students to help them

complete their homework. Hugh Cale OIC may also provide tutoring programs for other qualifying individuals. Any tutor employed by OIC shall have a minimum of an associate's degree from an accredited college. In addition OIC shall provide to the city a student to tutor ratio which is acceptable to the City and an accumulative time tutored each week. From the last council meeting we need to make sure that the people tutoring are qualified to do tutoring. There is a difference in being a tutor and being a mentor and a few other things. The benchmark has an associate degree from an accredited college we believe that if you are going to be a tutor you should have that especially if you are getting paid. If you are not getting paid then that is a different issue. Also, the City would like to know what the tutor to student ratio is. We are not dictating in here that you have to do one to fifteen or one to three or whatever. We just need to know what that is because each of your tutoring sessions based on the type of students that you have may require more intensive tutoring. An after school program you can get by with ratio of one to twelve. But, you offer tutoring for some high risk individuals and maybe that should be a one to three ratio. You just need to inform us what that number is.

Ms. Simpson said that first of all our after school enrichment program is designed for homework and counseling. Those students that require individual tutoring they are done by volunteers from Roanoke Bible College and Elizabeth City State. We have hired instructors from the school system that come in every day after they leave the school system they come over to us. We do not house over ten students with one teacher. But, there are tutors and assistants that come in and work with them. We know the ratio and how many kids to put in a classroom because of the type of kids that we serve. Now, like she said, we do have qualified teachers and we have several tutors and assistants there in the afternoon. Plus we are governed by our liability insurance as to how many we can have and how many are working there. We had to go through all of that when we got our liability insurance to cover all of these people. We have to tell all of that to our insurance company.

Mr. Atkinson asked if there was a question in all of this in the sentence underlined that says any tutor employed by OIC should have a minimum of an Associate Degree from an Accredited College. Is that an issue for you?

Ms. Simpson said that we don't need that.

Mr. Atkinson said then you have people that are doing this that do not have those credentials.

Ms. Perry said that all of this is already established so we don't need that in this document.

Mr. Olson said but we are not a party to that other agreement that you have with another state agencies. That is the reason that he put that specifically in there because we thought that it was probably what you are presently operating under anyway.

Ms. Perry said that if they are already established with that we are abiding by, there is no need to come back and ask us to include it.

Mr. Stimatz said that he agrees that we don't need this particular language and he would refer everyone to Section IV. It says that you have to abide by all federal rules, all state rules, all local rules, regulations and policies including the state or local permits, inspections, certifications or licenses. That phrase takes care of everything. It says whatever they deliver here has to be in compliance with any of these standards and if they are not then they are out of the agreement. I am sure that they know all of these. Again, it gets back into why are we writing a reference in that we think that we need. Why don't we ask if there is a standard that we need to put in?

Councilwoman Meggs asked if this after school education she has problems with that because we have those that are suspended even in the fourth and fifth grades, second and third grades. Instead of them going home or walking the streets that Ms. Simpson takes them in. She sends the van to pick them up at school the very minute that they have been suspended and then she works with them those one, two or three days or however many days that they have been suspended. When you say after school education, well she doesn't think that it is written in here any where else. She wants to make sure that this does not exclude these children.

Mayor Atkinson said that he thinks that is a very good point. He thinks that is the consensus on council for that.

Mr. Rivers said then are we going to drop paragraph one. He thinks that we should just put, an after school educational enrichment program with tutoring for students to help them complete their homework. That is all that is needed and everything else can be dropped.

Mr. Olson said that the sentence is basically the catch all for the suspended students that you have. Hugh Cale OIC may also provide tutoring programs for other qualifying individuals. We wrote that very broad so that you can have your after school program and other type of at-risk programs. That is where we believed that it covered that

Ms. Hummer said that she questioned earlier why the suspended student program had been removed because that is the way that it looked to her when



she read this document. She was more or less told that was because Ms. Simpson indicated that she was afraid of the students and she would like to ask Ms. Simpson if she was afraid of the students. She knows what her program has been for years with these students and she thinks that this needs to be spelled out about these suspended students.

Ms. Simpson said that there is long time and short time suspended students. Long time students are students that have been suspended because of guns, knives, drugs, gang related, and these types of things. But to date, after seventeen years, she is not afraid of them and none of her staff is afraid of them. In fact, we have been able to deliver service to them to turn them around from those problems that they come into the center with. No we are not afraid of them.

Mr. Stimatz said that he thinks another thing that this line also provides for other student programs and after school enrichment for the students. It allows them to have any other programs. The other thing too is he is concerned about the suspended student programs. He will tell you the reason for his concern. That was Ms. Perry. She got up here and talked about this program when she was justifying the student teacher ratio. Her concern was that these young people have violent tendencies and she used the words, that we didn't want another Virginia Tech. Now, if that is not the case then that is fine, but that potential level of conflict concerns him when we are using a public facility especially when we bring in young kids at 2:30 in the afternoon and we have potential violence and those were your words not his. Potential violent people in the same space who may get out of control. The question that he has is again, what is the City's liability on this issue. If you run your program like that it requires some special training by the people that run it. There are also some security issues and maybe there needs to be a different pronunciation between long term suspended and short term suspended. If he remembers correctly to run a suspended student program you do need some kind of certificate from the school system. What ever the rules are for having a program you have to meet them regardless of what they are. It is not up to us to spell them out. He is a little cautious about the after school program because he does not know what the liability to the city is and he would refer to the attorney on this. You saw on the news this morning that the Mayor and two council people along with two officers were killed in Saint Louis. It started with a planning issue and the guy took it out on the elected officials. He does not want to deny them but he wants to make sure that we are both covered.

Mr. King said that you have the after school long term suspended. What are their hours that you have them and what are the next hours for the young kids?

Ms. Simpson replied that she has them from 9 – 2 and the younger kids come in from 2:30 to 5. It is not a problem as they are not going to be there at the same time.

Mr. King said that the hard core or not going to associated with the younger kids and she has enough staff to detain these people. She only has one to two people.

Ms. Simpson said that they encourage them to not take over eight or ten of them. Her staff that is the overall person that works with the short and long term students is a psychology major. All of her staff is trained plus we attend training to know what to do and how to handle these students. She will say this and then she is finished, Mr. Mayor. The kids that come to us with these problems we don't have those problems once they go through the program. We have never had a problem and Councilman King can attest to that. Our kids can be turned around and thank God that we have had those with the expertise that can turn them around.

Ms. Perry said that she would like to make a comment on what she said previously. Her comment when she stated that she was concerned about that violence was not to exceed the limit that they are able to have and to take care of them. Because if you bring too many in of the long term that would most definitely be the result because you have to have that ratio. That was the comment that she was referring too.

Ms. Hummer said that she would like to go back to what Mr. Rivers said. Ms. Simpson has been doing this program for years. Under the original sub-recipient agreement for the year she has been in the program and for it to be taken out, she realizes that we are here today to discuss it amongst each other, but she has something that she wants to say and then she will move on. She doesn't know how many council members had input in the rewrite of this but she would like to take this opportunity to say that we all were elected equally and some of us have a little more education than others but the people out there pushed the button for us to sit where we are sitting and we should be included as a team. The little meetings that are being held here and they were the first things that jumped out at her when she received her package. She would like to express her concern and she thinks that this is serious and she thinks that we should work together on this and not two or three making the decisions.

Mr. Atkinson asked to briefly comment on that and then we can move on. There have been several council people that have put information in this document. That aside at the moment that is why we are here today and this form with OIC people and the Council so any suggestions that anybody has over and above what is here and he sees the process working but feel free to jump in here and

make suggestions. We are going to put it in a draft. If there is something later that you don't like, we will call for the question when this time comes and you can vote for it or you can vote against it. But, we are going to have a document that we have tried to have equity between all of the parties.

Mr. Rivers asked if we could add a Number Five and just put "At risk students- short term and long term suspended students. That way it would be an option – program deliver that will cover what Ms. Meggs was definitely talking about that she wanted to encourage OIC to continue to do that program and then being in the Mayor's Task Force Meeting yesterday they specifically said that we have to find some way to get truancy down. Councilman King brought that up and he thinks that is going to be a program that we probably can take back to the Mayor's Task Force to encourage funding so that we can help. That way it will answer what everybody was just saying, Councilman Stimatz to just put a section number five- at risk students (Long term and short term suspended Students) and just leave it at that. Strike the following: Hugh Cale OIC may also provide tutoring programs for other qualifying individuals. Any tutor employed by OIC shall have a minimum of an Associate Degree from an accredited college. In addition, OIC shall provide to the City a student tutor ratio which is acceptable to the City and an accumulative time tutored each week.

Mr. Olson asked to address that. First of all city staff is not involved with the educational process. We have no idea what the appropriate teacher-student ratio is for a certain class of students. We need to know that. That is all that we are asking. We do not know what the standards are. If there are published standards, we don't know what they are. OIC has contracted with third parties to provide certain services and those services require certain teacher-student ratio. We are just trying to find out what they are. We are ignorant concerning those standards. We are not sure what governs those standards. That is why we wanted to put that in there. Maybe it needs to be reworded that they must submit that to us, but it is part of an existing grant that they have and is it 1-5 or 1-10 or 1-15. He does not know nor does he care but we need to know what that ratio is. If he may suggest you can take out, In addition, OIC shall provide to the City a student to tutor ration which is acceptable to the City and an accumulative time tutored each week. You already do it basically for the grants that you are getting from third parties.

Mr. King said then we can delete that part.

Mr. Olson said that you can delete that which is acceptable but city staff needs to know. When we go in there and do the audit of the program that if they have ten kids. They are allowed ten kids per tutor and we see three tutors and we see 30 kids, we check that off and that is what we would send to DCA. That is the issue that we have. We do not know what the standards are. The standards

may be different based on the programs that they are operating. We don't know that information and that is why that was put in there.

Mr. Stimatz said that he follows what Councilman Rivers said. That is fine and we don't need that other sentence. All we need to do is add a phrase later on in either the reporting section or compliance section that asks OIC to supply us a copy of any governing standards which they have to abide by for those programs that are listed. That is all that we have to do. That will take care of any program or any standard or any ratio or any time line, etc. Just one big phrase that says that you will provide us with copies of what ever standards that are governing the program. We need to strike all underlined and add the section on, "at risk youth including short and long time suspended students. Then that takes care of everything. The question of violence is an issue, but, Ms. Simpson and Ms. Perry both said they are going to make darn sure they don't have too many that they can't handle them. They are the people that might get hurt worse and they know better than we do. Let's just leave it at that.

Mr. Olson stated that Item #2, job specific training programs such as a certified nursing assistance (CNA) or the like. This is ok. Item #3 job skills development or counseling programs. This is ok. Item #4, Life skills development programs is also ok. Item #5 – At risk youth including long-short tem students. That is the end of the Allowed Options Program Delivery.

Mr. Rivers said now can we add the point that we asked about. He thinks it should be here that any other programs should be presented to the City Manager. You just listed all of the allowed. He just saying that if a grant comes through that maybe BLET for instance, they need to get that permission from City Manager under the allowed programs. Non-profits do operate off of grants. They can then add it as an option.

Mr. Stimatz said that he thinks that is taken care of in Paragraph 6 under Amendments. This is where you can make amendments.

Mr. Rivers said that he was just asking that programs should just come under the City Manager. That way it keeps council out of it. They can explain it to Rich better than they can council.

Ms. Hummer stated that Item #5 that was deleted, "housing ownership counseling programs." What was that?

Mr. Olson responded that was something that is being provided by another city sub-recipient within that building. That is Elizabeth City Neighborhood Corporation and that is why it should not be covered under this agreement but

their agreement. It is covered under ECNC agreement and that is why we delete it from this one.

Mr. Olson said that Item #C – Limitations in programs/services and use of the Hugh Cale Resource Center. Number one, the Hugh Cale Resource Center can be used at any time including weekends for the services mentioned under the required or Optional Program Delivery sections. Number Two, the Hugh Cale Resource Center may not be used at any time including weekends for any activity that is not listed above without prior written permission of the Office of the City Manager. These ties in with an earlier discussion concerning Item A-5. He is not sure exactly what we should do in that area.

Mr. Stimatz said that he will just say take out the word "written". Just be consistent with the other section. This also gets back to the point that Mr. Rivers is trying to make that we leave it in your hands to manage.

Mr. Rivers asked Ms. Simpson if she rented out the resource center. He is asking if it is available for rental. The reason why he is asking that is because if someone wants to rent it, does that mean that they have to get permission from the City Manager.

Mayor Atkinson said if it is not listed above then they can't rent it.

Mr. Morgan said that if it is not among those uses that we have then they wouldn't get permission from the City Manager regardless.

Mr. Stimatz said that he would refer again to an earlier discussion. A line in here says that the sub-recipient cannot sub-lease and rent any part of the building. His question is since Hugh Cale has the lease on the building and that is a different document and he would say whatever is in there applied.

Mr. Morgan replied that Article 9 requires that they made not do any renting and sub-leasing of the building without the prior written consent of the City Manager.

Mr. Stimatz said then this is consistent with that document.

Mr. Morgan replied that yes it is.

Ms. Perry said that does not include the incubator, right?

Mr. Stimatz said no but you have to do that under your landlord hat. He is only trying to keep the documents separate. Even that document says that you need to get permission. That is also where we need to put the words that you need to provide your rental policies.

Mr. Olson continued with Item #4 Hugh Cale Resource Center may not be used for any religious activity at any time. That is a HUD requirement. Item #5 Hugh Cale OIC will provide all services in a safe and secure environment. Hugh Cale OIC will be responsible for the safety of all occupants receiving services in the Hugh Cale Resource Center building. The City of Elizabeth City has no responsibility regarding safety and security issues inside or around the building. Item #6 is OIC shall provide a copy of their rental policy and procedures for the use of the center and incubator facilities.

Mr. Rivers said that the religious activity he has a question on. Is the building being used for Roanoke Theological?

Mayor Atkinson asked if they were happy with Item #4. We went on by that and he wanted to make sure.

Ms Simpson said that she thinks maybe when you said religious activities are you talking about an organized church or just a religious function.

Mr. Olson said that is a requirement from HUD and we cannot deviate from the HUD requirement considering that. As Ms. Simpson will tell you we have gone back and forth and we got slapped by DCA on some other issues concerning that issue and that is what DCA is requiring of us. He will check to see whether or not service is the issue or not. We have a bunch of correspondence concerning that.

Mr. Olson stated Item D-Service Schedule is this period of service shall be from January 30, 2008 to July 30, 2008. The agreement is for a six months period in order for the City to have a chance to evaluate the items that are being mentioned in another section which is in Section #2. This is what staff was instructed to do.

Mr. Rivers asked if we could do a five-year agreement. The lease says that City Council can kick them out anytime. In order that we do not have to deal with this anymore why not just go five years, three years.

Mr. Olson said that there are two different standards. The lease agreement is different than the sub-recipient agreement. If the City Council decides to terminate OIC lease they would still have a valid sub-recipient agreement because they had not violated any of provisions of the sub-recipient agreement you are in a legal quagmire aren't you Bill.

Ms. Perry asked why it could not be a year as it was before. Once again it is still stipulated that if there is a violation you still have the option to terminate it. You have to have a good cause to terminate.

Mr. Morgan said that this does give the City the option to review the audits and there may be that there is information in the audit that City Council does not approve of and he has no way of knowing that but it may be the case and that would just allow the City to terminate this as of July 30, 2008 without going any further. He is not advocating one way or the other but that is just something that Council needs to look at.

Mr. Atkinson said that it would also be a time to review some of these changes that we are proposing today. We can go back and look at it and further enhance the agreement for an additional year or however Council decides. Does that seem reasonable to you? Also six months will get you through this semester and that might be another enhancement that will benefit you.

Ms. Watts said that Ms. Hummer was first.

Ms. Hummer said that she thinks that we have that covered under the term of 180-days notice if they violate something or if we want to terminate them or they can be terminated in 30-days with cause for the termination. The sub-recipient agreement guidelines under the grant were at the end of the five-year grant. A non-profit will continue to operate in that facility for another five years as long they adhere to low to moderate income programs as written. And, she thinks that six months is being placed and her question is when the audit comes back if there is anything wrong do we have the option to terminate it. Why just have a six months agreement. She disagrees with that as she thinks that it should be a year, renewable every year. We have built in our protection for city. She just thinks that this is a penalty before the fact if you find anything. That is what she thinks that this is. She thinks that it is political.

Ms. Watts said that she thinks that if we are looking at it as a penalty then the penalty should be because OIC was asked and requested to bring in an audit to the City on December 31<sup>st</sup> at which they were unable to do and then they were requested to bring in an audit on January 19<sup>th</sup> which they were unable to do and then again on January 31<sup>st</sup>. Now, they have sent a letter back to the City, she believes, Mr. Rich has it in hand and she believes that we were all given a copy of that in which they had requested more time. Or something to that effect that you requested saying that you were going to have a board meeting and you didn't have time to get the audit by January 31<sup>st</sup>. She does not think that it is a penalty. She hates to say it as a penalty but Mrs. Hummer was inferring that the six months was a penalty. And, she is just saying that if you were subject as a penalty perhaps it might be because of that. She does think that the City has

offered or given over and beyond. She believes that Mr. Olson has worked with OIC to try and obtain the things that he is requesting for the City's benefit. And, coming in new she doesn't know everything other than what she has been told. Looking at what she has been given and what she has been told then she can see that it looks as though things have been done over and above what probably may have been done for even another organization in your position. However, the fact still remains that there are issues here that have not been resolved by and she feels the City as well as OIC and it is because we haven't been able to come together. That is the main thing and she hopes that we can get this together and get it over with but she does not think that the six months is a time frame that is too short because again she believes Mr. Rivers was pointing out that we are going to have time to have the audit done and they have agreed to do the audit. So, whether it is a year or six months or three months once we receive that we can go into another agreement with OIC and extend it to the five years that Mr. Rivers has suggested if everything comes out well. Whether it is six months or a year that we can leave it like it is and go from there once we get the audit that is going to be the main thing.

Mr. Olson asked to explain the issue with the audit. What the City staff is requesting is permission to get into OIC by a certain date to audit their books. The audits physically cannot be done that quickly especially the time of the year that we are in right now. Another section of the agreement which is budget and finance where we make certain assurances that we will do the 2005, 2006 and 2007 audit which we will be spending our money to do those specific audits for them. What we were trying to request is permission from the Board of Directors of OIC the right to basically review their books and have our auditors do the actual audit. The actual audit will take several months for us to go ahead and get the auditor on board and actually do the audit and the specific findings of the audit. It is something that cannot be done in a given time frame. That is why we allowed six months because we know that within a six months period of time that the auditor will have enough time to review and have us a finished document back by the July 30, 2008 date.

Mr. Stimatz said that he would like to follow up on what Ms. Watts said. Six months in his mind is a cautious approach by the City on behalf of all the citizens who haven't been real happy about how this whole thing has been managed on either side particular on the applicants management on certain things and the non responsive on the request for certain information. He is on Ms. Simpson's side and we have had this discussion. All he is saying is that because of what hasn't happen in the past because of what people perceive is going on because there are some unresolved issues related to business practices and providing information and knowing exactly what is going on, we have chosen to take a cautious approach. He thinks Ms. Watts has said it very well. If the third of June and everything is hunky dory and everything is running fine, there is no



reason why you can't be the applicant for the next five years. So we are just taking a cautious approach and he has a lot of constituents who have asked him this question, why are we even talking to them now, because he knows Ms. Simpson runs a good program. He has heard that over and over again, so he is just telling you that is what we have had to deal with and we are just taking the cautious approach. Six months doesn't hurt you and if everything is fine he sees no reason why you can't come in here and get an agreement and then move forward. That is where he is coming from.

Mayor Atkinson advised that he was going to allow Mr. McLean to speak as Ms. Simpson would like to have him respond.

Mr. Roger McLean thanked the Mayor for allowing him to speak. He said that he is very disappointed about the allegations made against OIC without allowing them to comment. What are you looking for the audit to do? What are you looking to find in an audit? First of all, we know that OIC is a 501 C and they get \$60,000 a year from Rural Service. In 2005 they received no money from anyone. You are trying to dictate how their money is going to be used. Why was Ms. Simpson not involved with the preparation of this document whereby she could have provided the kind of information on something that you didn't understand? He would like to give a prime example. Ms. Watts thought that two weeks after you requested an audit that you could get it. That is what she is thinking. That is why she is thinking that everything can be done in six months. There is no guarantee that anyone can do an audit in six months. If you go to any firm right now and ask them if they can get you an audit in six months they will tell you no. They cannot even accept your business at this time because this is the busiest time of the year. They are doing 990's, 1120's, C-4's and they do not want to take on any new businesses now. In 2005 they received no money. In 2007-2008 they are in the process of receiving \$60,000 for which Rural Center is responsible for insuring that money is being used for its purpose. If Ms. Simpson would vacate the building and move back to her old building there would be no need for this meeting. There would be no need to be sitting here trying to understand what is being asked of OIC to do. You are talking about a six months lease and in six months you may not like our audit. You are going to like the audit because everything that would be audited is based on what they have done. Their funding comes from Rural Center and at the present time they are trying to get additional funding to put into the program and they can't do that if we have a city council talking about in six months we can suspend your lease. You are steadily talking about well we are going to be in a real bad position if they do everything according to the sub-recipient agreement. That is what it is all about in the first place. To him that is what it is all about. If they meet the conditions of the sub-recipient agreement then you are saying that you might not like that so we are not going to give you the building. He just doesn't understand that.

Mayor Atkinson asked to go back and repeat what he said at the beginning of the meeting. In reference to OIC not participating in this document. They are doing that right now. This is a working document and it is a draft. We have several opinions on several different issues. We are going to write up this draft and it will still be a draft and there will be no action taken on this and we are trying to involve OIC. They have agreed and that is why he had this dialog set up between these ladies and council. It is a draft and it will continue to be a draft when we write up what we have.

Mr. McLean said that he has one suggestion. He feels that there is a better way to get this matter resolved as opposed to having all of us to sit here and go through this document because everything we do is not provided. We don't agree with half of what is being put in this document because here again you are trying to run her program and you cannot do that. You cannot get the lease included in the sub-recipient agreement. That is what you are doing. You are trying to tie the lease in with the sub-recipient agreement. That is like you going into Wal Mart and tell them what to charge and that is just what you are doing. HE would suggest that if you want the matter resolved, the best possible way is select two or three people to work with OIC to come up with a document that we can agree on. He just does not understand why you want to see documents that pertain to other funds received.

Mr. Atkinson said that it was suggested a couple of times that we have three or four members of Council meet with OIC and then it was discussed amongst some other members that they don't want to be out of the loop and want to be involved with this. So, it was a decision he made along with some council members that we sit down together and it is going to take awhile because it has already taken longer than he had hoped for and try to iron this out. Now, hopefully we have formulated a document that is more acceptable and we are half way through it and we have already had some consensus building already. That is what we ultimately want. This is not a binding document. He suggests that we move forward with this. We have the dialog back and forth and by the way he thinks it is going very nicely and we will come up with another draft and this time we will send it to you in plenty of time to review it. We just got this about five o'clock last night. You got it four hours after we did so it wasn't like we have been working on this for months. If we do that you will have the opportunity to set down and we will meet again. Now, he does not know what the format will be as we may change this format and do something different. We want a document that you can live with and so can we and continue to meet the requirements of DCA. That is the only objective.

Mr. McLean said that we can basically sit here and let the council go through it because what you are saying six months and that means absolutely nothing at this time. Is that what you are saying?

Mr. Atkinson replied that the day will come when whatever date is in here this council will have the opportunity to vote how they feel. They can vote for six months or they can vote for one year but the vote will come. We are not going to solve this today. He can see that clearly.

Mr. McLean said if you all agree on six months today, what is going to lead us to believe that you will change six months to twelve months down the road.

Mr. Atkinson said you know what, he will tell you the answer to that. The answer to that question is this. He has already heard some people say that six months is not enough. He has heard some people say that six months is exactly what we need. He has even heard five years mentioned. So, he does not think that there is a consensus on if we are going to do six months and what you say is not going to matter. We are going to have a document and we are going to vote on it. Everybody will vote their conscience on what they think is best. It may be six months or it may be a year, but we are not going to solve it today. So, the document will be completed and you will have ample opportunity to review it. You can discuss it with your council members, that is what you are supposed to do, and then we will eventually come to a meeting and vote on the document. That will be the end of it.

Mr. McLean said that he does want to apologize if he seems to be a little bit offensive.

Mr. Atkinson said that he doesn't think he is being offensive but just showing concern. You have passion for it and that is what this is all about. This is the democratic process working and he is very happy to be a part of it. Now, he wants to move on.

Mr. Rivers said that the reason why he brought up about the six months and he is glad that Councilman Stimatz brought that up about constituent's perception and the thing that he has found out is the perception from the Daily Advance can be both sides on how a person reads it and how they perceive it. But, he does think that to the council persons who had the opportunity to go to the Training Center they have had the opportunity to see the programs at work. The one thing that he has learned in his life is that some people are good at management. Some people are good at performing actual duties. Some people might be blessed to be able to do both. But, when we hear what he is hearing that whether or not we are going to come back on July 30<sup>th</sup> and vote to extend a program that is benefiting kids, at-risk students, all the programs that have been

operating based off an audit, then that is where he is saying, ok if the audit says that \$10 was suppose to have been put over to this side and it was not. We are going to put an organization out of a building that is helping kids that is a benefit to our community based solely on and that is why he is hearing we are only doing six months because we are waiting to base a five year or one year decision off of an audit, he encourages everyone to go to the community and see that they are making a difference. Whether he is going to sit here and vote to give a five year or ten year, he will be voting based off what that community needs, how they are affecting that community and not whether or not we are doing an audit. If they have opened their books and we have Sarah Blanchard who can go in he is just really confused about giving them a six months and we are saying that after that audit comes in we will talk about a five year lease agreement. That is the reason why he brought up the concern about the six months because he has heard over and over that if the audit does not come in correct we are putting you out. He shouldn't say that. Some members around the council table will make that decision based whether they will give a five year. He thinks that it is bigger than that and he thinks that we need to look at the kids that are affected and that is the only reason why he has asked and Ms. Watts he was just suggesting that instead of just saying six months or a year and that way they would have the opportunity to go ahead and have a future. They can plan for 2009 that way. Right now, they can't do that. They have to wait until August 1<sup>st</sup> which is right when school starts to see if we are going to allow them to stay in the building the remaining of the six months and that is why he was asking instead of a six months lease that we do a lease for a year or five years to take politics out of it. This document that we have presented now is all about the programs. He thinks that we have done a great job. It is about the programs. He thinks Councilman Stimatz's suggestions are great. Everything here has been about the programs and the community. Now we are starting to get to the budget and things of that nature and everything prior was about the kids and that is what we need to keep it about instead of trying to micro-manage their organization.

***A motion was made by Councilman J. A. Stimatz, seconded by Councilman R. E. King to take a ten minute recess. Those voting in favor of the motion were: Stimatz, King, Baker, Hummer, Meggs, Rivers and Watts. Against: None. Motion carried.***

Mayor Atkinson called the meeting back to order. He called upon City Manager Olson for discussion of Item E-National Objectives/Regulations.

Mr. Olson said that Section One, Hugh Cale OIC certifies that the activities carried out under this Agreement will meet the CDBG National Objective-to benefit low/moderate income persons as noted in 24 CER 570 and all CDBG related regulations. This was ok.

He also stated that Section Two-the sub-recipient will be responsible for maintaining accurate performance records to show the results of accomplishments and meeting the CDBG program regulations and National Objective; and those records shall be made available to the City of Elizabeth City or its designees during regular business hours. This is ok also.

He continued on to Item II-Budget and Finance. Section A, Item 1. By \_\_\_\_\_ Huch Cale OIC will submit a sworn line item budget for the period covered by this agreement and a sworn financial statement (signed by all members of Hugh Cale OIC Board that shows all sources of revenue, grants, and financial assistance including all resources used to pay the costs associated with running the programs in the Hugh Cale Resource Center. The City of Elizabeth City will provide no financial assistance for the services provided by the Hugh Cale OIC.

Mr. Rivers asked if there was any reason why all members of Hugh Cale OIC Board have to sign as we ourselves authorize the Mayor to sign for all members of Council. He was just wondering why the president wouldn't be the one to sign on behalf of the board.

Mr. Olson said if there is a copy of the minutes that authorizes the President to execute the document showing the vote of the members in his opinion that would be sufficient.

Ms. Perry said that they have by-laws that state that is sufficient. You have accepted it before and you have been accepting the signature of the board on all of our documents regardless of what we have signed. It is always by the Chairman of the Board. You accepted it before.

Mr. Olson said that DCA wants to make sure that the sub-recipient had the authority to execute the agreements. Just like we have to provide sworn certified minutes by the City Clerk whenever we execute a DCA document. Dianne has to do the minutes and we include them in any transmission that we send to DCA.

Ms. Simpson asked if someone would explain what is a sworn financial statement.

Mr. Olson replied that is nothing more than your line item budget where you basically certify that it is correct and your board members execute it.

Mr. Stimatz said that you have two things. One is a sworn line item budget and the other is a sworn financial statement. The answer to the question of what is a

line item budget you didn't answer the question. He just wants to clarify in his own mind what he heard you say. That by sworn you will accept a line item budget and a financial statement that are signed by the Chairman of the Board if the Board's minutes reflect that person has been authorized to sign for the Board. He will say that again real slow because he wants to make sure that we all know what is coming down the pipe. There will be a line item budget and a financial statement and the present chairman of the board will sign both documents and with that you will include the minutes of the meeting where the board authorized the President to sign on your behalf. That makes it sworn. And, you don't all have to sign it. It is a technical paperwork issue.

Mr. Rivers said that pretty much we do that at the beginning of a year when we authorize the Mayor to sign off on certain things. That goes for that whole year. Correct.

Mr. Olson replied that usually but certain agencies require additional steps.

Mr. Rivers said that is what he is asking. What are we requiring because if they know that at the beginning of the year they give the authorization to the President to sign binding the Hugh Cale OIC or if they give that to the Executive Director which agency are we operating under? He is asking which one we are operating off of.

Mr. Olson said that it could be done two different ways. Minutes of the meetings or a corporate resolution authorizing the Chairman to execute documents. A lot of corporations don't have that though. Item #2- OIC will provide access to their financial records for fiscal year 2005, 2006 and 2007 so the City may perform audits on those respective years at the City's expense. The City will be responsible for securing an audit firm for performing the audits.

Ms. Hummer said that she has a question as to why year 2005 is being requested when they were not even in the program.

Mr. Olson said that the November 2<sup>nd</sup> letter we got from DCA required audits from 2002 through 2006. It did not include 2007. He met with Vickie Miller last Thursday and we discussed this issue and he told her that based on what Mr. McLean had told him that they should not be responsible for 2002-2003 or 2004 because they were in and out of the program. Based on that conversation he had with Mr. McLean he did approach Vickie Miller to relax that and provide the 2005-2006 audits. That is what Roger McLean requested sixty days ago.

Mr. Rivers said where is the 2007 coming from?

Mr. Olson said that you have to remember that when we originally requested that we were still in Fiscal Year 2006, now 2007 is basically coming due. That is it. We started this back in November when you only had 2005-2006; now 2007 has matured and needs to be done.

Ms. Perry asked for a clarification. OIC was not involved until the end of 2006. The financial records that you want audits on are funds that the entity operates on. Because we didn't receive any funds what are you auditing? Our funding source requires certain revelations of particular documents and they have to be accepted by them. If it wasn't in order, we would be terminated and we certainly wouldn't be receiving any more funds. That is the basic that our paperwork is in order and if you want some clarification of that, some type of clarification or document from that funding source saying that things are in order, wouldn't that be in line. And, there are some years that we didn't have funding but yet you want to spend money to audit something that is not there. To her, it doesn't make any sense and she needs clarification.

Mr. Olson said this is a requirement of DCA and he thinks that members of the City Council are privy to that November 2<sup>nd</sup> letter. DCA has relaxed 2002-2003 & 2004 requirement that they had there. Based on a prior conversation that he had 2005 and 2006 is what he approached the State on and the Assistant Director of DCA has basically said that would be fine and now 2007 has matured and that needs to be done also.

Ms. Perry said that she understands that but 2005 they were not in the program. Why are they requesting something when we were not even a part of it? She understands when you say that DCA is asking but DCA has that information.

Mr. Olson said that he is not sure but what he approached them about is a conversation that he had with Roger and he was very adamant and he agreed with him that we should only be covering 2005-2006. This was back in November of last year. Since then 2007.

Ms. Perry asked if you were operating on calendar year or fiscal year when you were asking for the information.

Mr. Olson asked what is your fiscal year.

Ms. Perry said July 1 through June 30<sup>th</sup>. She can see 2006-2007 because 2005 we were not in the program.

Mr. Olson said that he was under the assumption maybe mistaken but he thought that he saw some filing that you had a calendar fiscal year and not a mid year fiscal year. He is looking at fiscal year.

Ms. Perry said that is why she is saying that in 2005 we aren't even involved. She can understand 2006 as we came in November 2006.

Mr. Olson said then you would like to have that changed to 2005-2006 fiscal year and 2006-2007 fiscal year. Staff was under the impression based on some information that you had a calendar fiscal year and not a mid year fiscal year. He has the same concerns and that is why he met with Vickie Miller last Thursday to ask these questions.

Mr. McLean said that there are no rules and regulations that will support that you can request an audit prior to when we came into the program.

Mr. Rivers said what he wants to ask and he does not want to get into any trouble because Rich said that Vickie Miller asked for those and now we just told them that we can let them get away with the two years. Why can't one representative from OIC, Rich and both of you call Ms. Miller together and that way it won't be a he/she said and you can proposed to them what they would ask and what as Ms. Miller says yes that is what she would require. That would also answer what Mr. McLean just asked about. Is it suggested or is it required? He thinks that the two parties make the call together and that way it is not in our hands but in Ms. Miller's hands and that takes us out. That way OIC can hear and the City can hear what questions are asked and it can be an open conversation. He thinks that is the best thing to do and whatever she says and the City has to pay the price and he really doesn't like the audit because he thinks that we can use that \$25,000 to get additional cameras and canines than to be paying for an audit.

Ms. Hummer said that she would like to go back to Ms. Perry's question. They are operating the center now since the five year grant has ended on funds from other grants like Rural Center. She would like to ask if there is a monitoring committee in place to monitor those funds like we used to have under the Governor's Crime Commission. Does that funding come through the County?

Ms. Simpson replied that the funding from the Rural Center is mailed directly to us quarterly and then it is monitored by Helen McGuinness as to what we are doing right or wrong. Plus it is cost reimbursement and we submit all documents required by them and there is a forty-forty-five turnaround. We are monitored.

Ms. Hummer said that she would like to ask another question. Mr. Olson you say that you are not getting any direction and she thinks that the Council feels like they aren't either. She is still confused. The Community Development Officer stands up here and says that they are complying and Ms. Simpson says that she gives reports to Mr. Mani. If they haven't violated anything and we haven't seen



anything violated, she is going to get back to the six months thing for just a moment. Because Council didn't give you direction, Mr. Olson, you decided on a six months lease and she distinctively remember that was your decision and not council's. She doesn't want to take the heat for something that she didn't do.

Mr. Atkinson asked to jump in for a moment in that regard. He is going to go back to his original statement. This is a draft and we are trying to hammer out these things. Whether it is six months or a year, three months, we started with a six months. That is what we have. We will address it and eventually all Council members will have a chance to vote. We will call for the question and you will vote on it. If you don't like it vote no. If you like it you vote yes. We are not going to solve it here today. That is why this is a working meeting trying to resolve and put into place the best document that we can.

Ms. Watts said that Mr. McLean made a statement and she would love for him to elaborate on it because she was unaware of it. Ms. Miller could not require OIC for an audit. She wanted to know why that is and why we should make that suggestion.

Mr. McLean said it is because there is no revenue involved that govern anything that needs to be audited. You must have an audit based on the amount of money that they received.

Mr. Rivers said that we can suggest based off of but she can't make them. Right now, City Council, is trying to make OIC do an audit based off of what is being presented. That is something like what Mr. Mayor is saying. Either you can vote for it or you can vote against it. We are going into the budget for \$25,000. That is something that we talked about. We went to the community and asked the community to ok the budget and now once again, and his whole point since he has been on Council is we are taking the money from the people who need the money for services to do an audit whereas if she opened up her books. We have programs that we need to be using. He is not for an audit but he is for the will of the council. He thinks that we have other places that we could put that money into that community. Clean up the community or tear down dilapidated houses and things of that nature.

Ms. Perry asked why the two of us don't talk to Vickie Miller. She likes that suggestion because if it is pending on DCA asking for something of us and if it is not clarified that it is a requirement because we are being told that we are to be guided by federal/state regulations. She thinks that we need to have that communication between the two of us with her on the phone to get that understanding. If the letter comes to us with one thing you can't come up here and give the word of mouth on something that you don't understand. You suggest it and then come back and state a mouth word as a requirement.

Mr. Atkinson said that he hears her clearly and we are going to have some issues that we are going to have to address. How we handled them is that we want them handled so that both parties are comfortable with. That is for sure. How we go about that we will have to decide. This is once again a draft and we are not going to make you happy on every issue nor will everybody on this Council is not going to be happy. We know that. That is why we are working from a draft and we will have something for you to review. Then we will move forward.

Mr. Rivers asked if we were going to do that.

Mr. Atkinson said Mr. Olson has made a note of your wishes.

Mr. Rivers said that the reason he said that is because that is what was told to us. All he is asking is that the next call that goes to Vickie Miller because it was told that we need three years and now they just said that they have only received funds for two years so let them do it together. If we wait until the next meeting, then we are giving the decision for DCA. If Ms. Miller said 2005-2006, 2007 and yet we just told them that they could get away with 2006-2007 then we have overstepped DCA. All he is saying is that they need to know.

Mr. Atkinson said that they will know. Are they required to have an answer to that question at this moment, he doesn't think so. We will decide how to handle that.

Mr. Olson said that he would be happy to make the call to Vickie Miller and it also might be advisable for Council to go into Closed Session to discuss the reason why DCA is requiring the audits.

Mr. Atkinson said what we are talking about is that and how he sees this unfolding is that we will have answers whether or not how we go about getting those answers you will be happy with it. He doesn't want to get into whether we are going to make a phone call, who is going to be there, what he is going to talk about is this draft document in front of us today. It is a valid point what Mr. Rivers said and he does not have a problem with that but he can't speak for all the council members and he doesn't want it opened up to a big debate on who is going to participate in conversation with Vickie Miller. We are going to be meeting with Mr. Olson and he thinks you folks with Mr. Olson can resolve this issue. If he decides that is what it should be then that is what it shall be. He is going to leave that up to the City Manager and he has already indicated that he has no problem with that, so that is going to be his call. We can go on all night and discuss this. You will work with them and he will show you that he will make you happy with the way it is handled. The results he can make no guarantees.

Mr. Olson said that the next session concerning reporting which he believes OIC is doing right now. Item #III – General Terms, A-Reporting reads that the Hugh Cale OIC will be required to submit monthly progress reports to the City by the 5<sup>th</sup> of every month outlining accomplishments during the previous month. The report shall include for every program provided in the Center the name of the individuals assisted and their phone number. If parents do not wish the name of their children be mentioned in the report, the report should provide the name of parents of those students. The Planning and Community Development Department may change the format and content of the reports according to changing requirements of the City Council.

Mr. Stimatz said he had two points here. Is this center opened to any low to moderate income person from any where?

Mr. Olson replied that is correct. Any one within the community.

Mr. Stimatz said no that is not what he asked. Does it go for anybody that is a resident of the City? It is only for the citizens of the City. Is it only for the citizens of the County and the City or does it extend to those in Camden that wants to come over and take advantage of it. That is why the address is important. This goes back to the rec center when we ask people for their address because we turn around and charge the County and Camden for people who use our rec center because we do not want to bear that burden. That is a question and he had rather have their address than their phone number. He doesn't really care what their phone number is. It is not because he wants to write to them it is because he wants to make sure that this City who has busted its buns to get this thing in place and Ms. Simpson has been working hard for the people of this City and we aren't providing services to some other county or entity that isn't paying up. He is tired of going it alone. He doesn't want their phone number and we don't have to have their full address. They can just say they live on Main Street in Elizabeth City. He feels that is an important demographic and the other thing that he would offer to the rest of his fellow council people who say we don't get enough information this is your paragraph to ask specifically what you want. If you don't ask for it now, don't whine about it later on that you didn't get the information that you wanted. In addition he goes back to an earlier section and that is Section I-e on Page 3, we already require the sub-recipient to maintain accurate performance records and it says that it will be available during all business hours. Maybe we should ask them to just provide those or that information because he does not know what is in there. One thing that he would like to know is who are we helping. Are we truly helping the citizens of Elizabeth City and where are they coming from. What are the demographics? Are they just from that community and maybe we need to reach out further. Is it all over the City or Sawyertown? People in Oak Grove

should hear about it. He would like to know who is being helped throughout the City. He would like to know what each Ward is doing as that would be an interesting piece of information for him. By their address he can know that. Then he could back them and say hey you are not using this folks. Ms. Simpson has got good programs and you should go over there. You should work it. What are the ages of those using the programs? It could be by age groups. Male or female. Here is part of the defense. If we have predominately women there and it turns out they are all single mothers, well that tells us who the group is that we need to focus on more. That kind of information would help us help them. You are already collecting that and that is why he referred back to the earlier section. He is only asking that you prepare two forms of the same stuff and maybe if we saw that he wouldn't need anything else.

Mr. Atkinson said Mr. Stimatz you said that you had two points and he is trying to dig it out of that. What about the issue of are we providing services for other counties. Is that a question?

Mr. Stimatz said that if he had your address and it says Weeksville or Nixonton then he will know that they are not a city resident.

Ms. Simpson said that in one portion of the contract it indicates that it is basically designed for the Hugh Cale Community and then in another area it also includes the City. We serve the entire city. Students come from all over. Adults come from all over the entire City. She thinks that the confusion came when they asked the names of the students. That was Mr. Mani's concern about our juvenile students and our latch-key kids who are eligible for the program as we use AFDC or Social Security to make sure that they are from low to moderate income. However, with the juvenile kids there is a confidential process that we have to go by. So, then Mr. Mani asked that we use the parent's names and address rather than the student's name and address. She thinks that is how that came about.

Mr. Stimatz said that he is not debating that part. He is just saying he as a councilman what is going to help him understand what is going on and who we are helping is the address. That is going to do more for him to understand who you are helping than the phone number or the name. He does not care about their name or their phone number but if he knows you have 1000 people in there and 999 are within a three block area, does he need to go over another street or do I need to reach out further. That helps us go to people like Butterfield and say that this center is really working hard and we are only reaching three blocks in the community.

Mr. King said that he has one question. What happens if someone comes from Weeksville and they are looking to get into the CNA Program or trying to get their GED. Do we not serve those people?

Mr. Stimatz said that he is not saying that as he does not know what the restrictions are.

Ms. Simpson said that the City has not given her any restrictions, Councilman King, but her grant says that she is supposed to serve seven counties.

Mr. Olson said just for everyone's knowledge the underlying funding is a HUD grant which basically says they will provide services to anyone that comes there and it is not depending on where they live. The issue is that 51% of the people that they serve no matter where they come from must be individuals of low to moderate income. We cannot put geographical restrictions on those individuals because federal money was involved in it. We can put income restrictions on them because that is the primary purpose behind the grant.

Mr. Olson said that the next Item #2. If the Hugh Cale OIC is suspended/terminated or placed on a debarred list by any federal or State agency, the sub-recipient shall inform the City within 10 days of date of the suspension/termination notice.

Mr. Stimatz said that this is the place we talked about earlier adding two things. One was providing a copy of all applicable federal, state and local standards which govern any programs at the center. This goes back to us writing the standards and telling them what we think that they should be. They tell us what they are operating under. Just provide us with the guidelines that they are given and we have a copy and then we would not have to ask as then we would know.

The second one goes back to do we want them to provide us with a copy of the performance records that they are required to keep. That may require a lot of reporting requirements and may answer all of our questions. If it doesn't then we can provide more. His suggestion is they are already providing these performance records that they have to keep and we can view them, why don't we just ask them to provide them to us. That would be number four.

Mr. Olson said that Item B Program Income reads, Hugh Cale OIC may not charge the individuals who receive services in the Hugh Cale Resource Center. The programs provided in the Hugh Cale Resource Center shall generate no profit. This deals back to what the City Attorney alluded too. The sub-recipient agreement cannot but as the landlord for the incubators they can.

Mr. Rivers said that the only reason that he asks that question is that we rent Knobbs Creek Recreation Center. We provide no funding and he does remember this when we were trying to figure this out, ECSU wanted \$25,000 a year and OIC said that they didn't need any money a year. They have to pay their own insurances. They have to pay everything. Now, if a program gets cut budget wise they have to make a decision as to whether they keep operating the program or do they shut it down. They have no sources of revenues or no ways to increase funds coming in; we just put a program down. We need to think about this before we just say that no program can generate income. They may need to rent it out and we might need to give them the opportunity to lease it.

Mr. Olson said that the best way that he can address that is the Center was built for low to moderate income people who by their definition do not have the ability to pay, but if OIC wants to lease a part of the center, they do that under the lease agreement as the landlord and not under the sub-recipient agreement.

Mr. Stimatz said that the word to focus on here is programs. You can't make money on an incubator but as a landlord you can. The CDBG Grant tells you that you can't make money.

Mr. Olson said that C-Condition of use says that upon vacating the premises, sub-recipient agrees to return to the Hugh Cale Resource Center and its fixed assets to the City, in good condition and subject to the terms of the City's separate lease agreement with Hugh Cale OIC dated November 20, 2006.

Section D. Notices. 1, Communication and details concerning this contract shall be directed to the following contract representatives.

City of Elizabeth City  
Richard C. Olson  
City Manager  
City of Elizabeth City  
P. O. Box 347  
Elizabeth City, NC 27906  
(252) 337-6864  
(252) 335-2305 Fax

Hugh Cale OIC/Sub-recipient/Coordinator  
Shirley Simpson  
Executive Director  
Hugh Cale OIC  
524 South Road Street  
Elizabeth City, NC 27909  
(252) 331-2156  
(252) 335-0859 Fax

2} The community development officer located in the Planning and Community Development Department will serve as the City's primary contact with the sub-recipient. The grant will be administered and monitored by the City of Elizabeth City. All disputes will be settled by the City and will be final.

Mr. Rivers said that we have put a lot of requirements on OIC and he would like to put some requirements here because we have a community development

officer whose goal when we budgeted was to write grants and be our liaison between non-profits and the City. Somewhere we need to put in here that we require the City to assist them with resources through our community development officers. We have demanded everything and we need to be at the same time demanding because we are paying someone and we have benefited off of this grant he believes in the tune of \$25,000 a year. The City has received \$25,000 to pay our community development officer and he thinks that he needs to be in the community. We might want to say that he might be over there one day a week. Somehow it has to go both ways. We need to show that we are in this too. Somewhere we need to put that in there.

Mr. Atkinson said that is a good point. He said earlier today that the staff and community development are going to be available to help you with any of these things that you think you need some help with. We will be there and that falls in the category of what Mr. Rivers just said as far as community development. We can certainly put in the language in there that will help you and your organization. That would be the method to do it.

Mr. Olson said that the general Conditions which he is hoping to go through them fairly quickly because these are very similar to what has been done before. A-General Compliance. 1} the Sub-recipient agrees to comply with all requirements of Title 24 of the Code of the Federal Regulations, Part 570 (the Housing and Urban Development Regulations concerning Community Development Block Grants (CDBG) and any related or similar state and federal regulations. This is ok.

Item #2 says the sub-recipient agrees to comply with all other applicable Federal, State and Local Laws, regulations and policies governing any required or Optional programs delivered under this contract. This includes any required state or local permits, inspections, certifications or licenses. This is ok.

Item #3 says any violation of this provision by Hugh Cale OIC may be grounds for unilateral termination by the City of this agreement by the City and for the termination of the City's separate lease agreement with Hugh Cale OIC.

Mr. McLean expressed his concern that there were no appeal provisions under this section.

Mr. Atkinson said that you know he has been subject to many audits over his career and let's just use that as an example. And, you get many favorable comments in regards to an audit and you may get one or two that are unfavorable but it depends on the issue and the severity of it. If it is a gross negligence that is one thing. If it is a person that actually should have given it to somebody else to drop in the mailbox that is another thing. He thinks that is

going to be an area that we will want to work on and if there is no appeal process then he guesses it will go to the courts. But he really doesn't think that we have a real serious issue here but that is all that he is going to say on it.

Mr. Stimatz said he removed the word shall because he didn't like it and he inserted the word may. It doesn't say you will be as it says that you may be. He further said that he feels that this should be placed under Suspension and termination.

Section B. Independent contractor. 1} Nothing contained in this Agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the parties. The sub-recipient shall at all times be an "independent contractor" with respect to the services to be performed under this agreement.

2} The Grantee shall be exempt from payment of all Unemployment Compensation Insurance associated with Sub-recipient's operations, as the Sub-recipient is an independent sub-recipient.

The following sections were all ok with both parties.

#### C. Hold Harmless

The Sub-recipient shall hold harmless, defend and indemnify the City of Elizabeth City from any and all claims, actions, suits, charges and judgments whatsoever that arise out of the Sub-recipient's performance or non-performance of the services or subject matter called for in this agreement.

#### D} Worker's Compensation

The Sub-recipient shall provide Worker's Compensation Insurance coverage for all of its employees involved in the performance of this contract. Proof of such continuous coverage shall be submitted to the City.

#### E} Insurance and Bonding

The Sub-Recipient shall carry sufficient insurance coverage to protect contract assets from loss due to theft, fraud and/or undue physical damage, and as a minimum shall purchase a blanket fidelity bond covering all employees in an amount equal to any cash advances from the Grantee and shall furnish evidence of such continuous insurance coverage to the Grantee.

#### F} Grantee Recognition



The Sub-recipient shall insure recognition of the role of the City of Elizabeth City in providing services through this contract. This shall include joint billing of equal stature on all print media to include the phrase, "Supported by a CDBG grant administered by the City of Elizabeth City" and the City's logo.

G} Amendments

1} The grantee and Sub-recipient may amend this Agreement at any time provided that such amendments make specific reference to this agreement, and are executed in writing, signed by a duly authorized representative of both organizations and their governing body. Such amendments shall not invalidate this agreement, nor relieve or release the City or Sub-recipient from its obligations under this agreement.

2} The City of Elizabeth City may, in its discretion, amend this agreement to conform to changes in Federal, State or local government guidelines, and policies. If such amendments result in a change in the funding, scope of services, or schedule of the activities to be undertaken as part of this agreement, such modifications will be incorporated as noted above.

H} Suspension and termination.

1} Unless provided otherwise herein, the City of Elizabeth City may terminate this agreement for any reason after providing Hugh Cale OIC with 180 days notice.

2} the City of Elizabeth City may immediately terminate this agreement in case of violation of any HUD or State of North Carolina regulations including 24 CFR.

3} The City of Elizabeth City, in accordance with 24 CFR 84, CFR 85-24 CFR 570.502, and 24 CFR 570.503 reserves the right to suspend or terminate this agreement, if the sub-recipient materially fails to comply with any term of this agreement or with any other provision of the Code of Federal Regulations or Administrative Rules of the State of North Carolina.

4} Any violation of this provision by Hugh Cale OIC may be grounds for unilateral termination by the City of this agreement by the City and for the termination of the City's separate lease agreement with Hugh Cale OIC.

Mr. Rivers said that he was just looking at #H- Suspension and termination. We have got four points and everything says terminate. Now, when we started off and we said this is about a trust and mutual understanding. He wants to know if we have any agreements sign with HUD or DCA where they gave us four terminating statements. It seems like we put everything in there to terminate

this agreement upon if they sneeze wrong and when we say that we are doing this on a mutual understanding of trust, this agreements has four termination and it doesn't say anything about if they do everything right that we are going to reward them and say thank you. You have got four points of terminations. Yet we say we are in a trust agreement with them. He just wanted to say that. We might need to just make it one.

Ms. Watts asked if there was any way that Ms. Simpson could provide Council the recommendations on how they run the program for those students that are potentially violent. She is sure that there is some type of mandate and she would like to see them. Can we call the state to make sure that we are ok? We know that you are following what the State is requiring you as far as how many students per teacher or how many you have that have that type of background.

Mayor Atkinson said that he wants to ask one more question. Does any one have any additional comments to make in reference to the subject that we discussed today? Hearing none he adjourned the meeting.

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Dianne S. Pierce-Tamplen, MMC  
City Clerk

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Stephen S. Atkinson  
Mayor

