

**THE ERWIN BOARD OF COMMISSIONERS
MAY 2023 REGULAR WORKSHOP
MONDAY, MAY 22, 2023 @ 6:00 P.M.
ERWIN MUNICIPAL BUILDING BOARDROOM**

AGENDA

1. **MEETING CALLED TO ORDER**
 - A. Invocation
 - B. Pledge of Allegiance
2. **AGENDA ADJUSTMENTS /APPROVAL OF AGENDA**
3. **OLD BUSINESS**
 - A. West K Street
 - B. East L Street (**Page 2**)
4. **NEW BUSINESS**
 - A. DM2 Retainer Contract Extension FY 2023-2024 (**Page 5**)
 - B. Auditor Contract and Engagement Letter (**Page 8**)
 - C. American Tower (**Page 24**)
 - D. Erwin Website
5. **MANAGER'S REPORT**
6. **GOVERNING COMMENTS**
7. **ADJOURNMENT**

ERWIN BOARD OF COMMISSIONERS
REGULAR WORKSHOP MINUTES
MAY 22, 2023
ERWIN, NORTH CAROLINA

The Board of Commissioners for the Town of Erwin with Mayor Randy Baker presiding held its Regular Workshop in the Erwin Municipal Building Board Room on Monday, May 22, 2023, at 6:00 P.M. in Erwin, North Carolina.

Board Members present were: Mayor Randy Baker, Mayor Pro Tem Ricky Blackmon, and Commissioners Alvester McKoy, Charles Byrd, David Nelson, and Timothy Marbell.

Board Members absent were: Commissioner William Turnage

Town Manager Snow Bowden, Town Clerk Lauren Evans, and Town Engineer Bill Dreitzler were present.

Mayor Baker called the meeting to order at 6:00 P.M.

Commissioner McKoy gave the invocation.

Commissioner Nelson led the Pledge of Allegiance.

AGENDA ADJUSTMENT/APPROVAL OF AGENDA

Commissioner Byrd made a motion to approve the agenda as presented and was seconded by Commissioner Nelson. **The Board voted unanimously.**

OLD BUSINESS

West K Street

Town Engineer Bill Dreitzler came forward and stated he was still working with the contractors to get prices from the suppliers. They were fairly confident that the culvert placement was going to be in the \$800,000-\$1.1 million range. It had to be RCP pipes because of the depth. They were also confident that the open channel was more complicated because of the potential property owner but they were looking at a budget in the \$400,000-\$700,000 range. Being above the \$500,000 range triggers general statutes requirements and a formal bid, sealed bids, with bid bonds, performance bonds, and payment bonds were required. A solid bid package would need to be prepared. He asked the Board to allow him to secure an engineering firm to prepare a set of plans, specs, and a full bid document with the contract. He had an engineering firm go look at the project and asked them to provide him with budget numbers. With the possible surveying required, we were looking that the \$50,000-\$70,000 range. The \$50,000 would cover only designing the culvert replacements. He recommended designing our culvert replacements as our main option but with the potential to have designs opening the street as an alternative and then a decision must be made whether it would be worth the additional cost. His thought was if we are in the \$400,000-\$700,000 range to open the street, the cost and benefits must be weighed. The cost may be less but he did not feel that the benefit

MINUTES CONTINUED FROM MAY 22, 2023

would be less. He felt we would regret opening up the street rather than spending a little more and fixing it the correct way. This process will not be quick. Supplies are severely delayed. Even once receiving the designs and hiring a contractor, we are months away from receiving the materials. He asked the Board for direction, would they like for him to continue working with the engineering firm he already spoke with, they are a small company with reasonable prices or we could put an RFQ out, soliciting from engineering firms evaluating and selecting the top rated firm and negotiate a contract with them.

Discussion continued among the Board.

The consensus of the Board was that they need all the data in front of them. The Board instructed Town Engineer Bill Dreitzler to send out a scope RFQ with every option.

Mayor Baker asked staff to put something more suitable up to block off the road such as the interlocking fencing that DOT uses.

East L Street

Town Manager Snow Bowden informed the Board that we will be holding a Public Hearing at our regularly scheduled meeting the following Thursday, June 1, 2023, to discuss closing the unopen portion of East L Street. If the road is closed, the land will be deeded back to the property owner.

NEW BUSINESS**DM2 Retainer Contract Extension FY 2023-2024**

The consensus of the Board was to place this on our Consent Agenda for our Regularly Scheduled Meeting in June.

Auditor Contract and Engagement Letter

The consensus of the Board was to place this on our Consent Agenda for our Regularly Scheduled Meeting in June.

American Tower

Town Manager Snow Bowden stated American Tower merged with Sprint. Now T-mobile and Sprint are one company and looking to downsize cell towers. If we agreed to their terms the Town would lose \$657,870. He recommended a counteroffer to send back to the company.

Mayor Baker asked for the numbers for the current lease.

Town Manager Snow Bowden stated in our current lease to 2069 with the escalation rate would bring in 2,000,751,825.81 to be exact. The proposed terms and an extension of 10 years would bring in 2,000,093,995.87 until 2079.

Erwin Board of Commissioners

REQUEST FOR CONSIDERATION

To: The Honorable Mayor and Board of Commissioners

From: Snow Bowden, Town Manager

Date: May 22, 2023

Subject: East L Street

We are scheduled to have a public hearing at our June 1st Town Board meeting in regards to closing an unopened portion of East L Street. The section in question is unopened and it is directly across the street from an open section of East L Street that has never been paved. We are having a public hearing on this matter so we do not need to go into a discussion on this matter I just want to inform everyone about the request. The request is to close a section of an unopened road easement which would have been an extension of East L Street (the highlighted portion of the survey is included in this packet). If the consensus is to close this unopened portion of the street all of the land in that 60-foot easement would be deeded back to the property owner that the easement is located on. The parcel that is located off of HWY 421 is zoned Highway Business (B-2) and the surrounding parcels are zoned residential. Therefore any commercial land use of the vacant parcel that is zoned B-2 would be required to install a landscape buffer between the parcels. But if the unopened road remained on the map it would require a larger buffer in between the parcels.

WEST	1'	1'	1'	1'	1'	1'	1'
EAST	1'	1'	1'	1'	1'	1'	1'
WEST	1'	1'	1'	1'	1'	1'	1'
EAST	1'	1'	1'	1'	1'	1'	1'

NOTE: This property also will appear in the recorded plat of the 2000 Redesignated Boundary Map and should be shown as a separate tract in the 2000 Redesignated Boundary Map.

State of North Carolina
 Charlotte, N.C.
 Anneville L. Mizel, Clerk of Superior Court
 County of Harnett, N.C.
 Date: 8/12/01

Recombined by: *Meredith L. Lasater, Jr.*
 Title: Surveyor

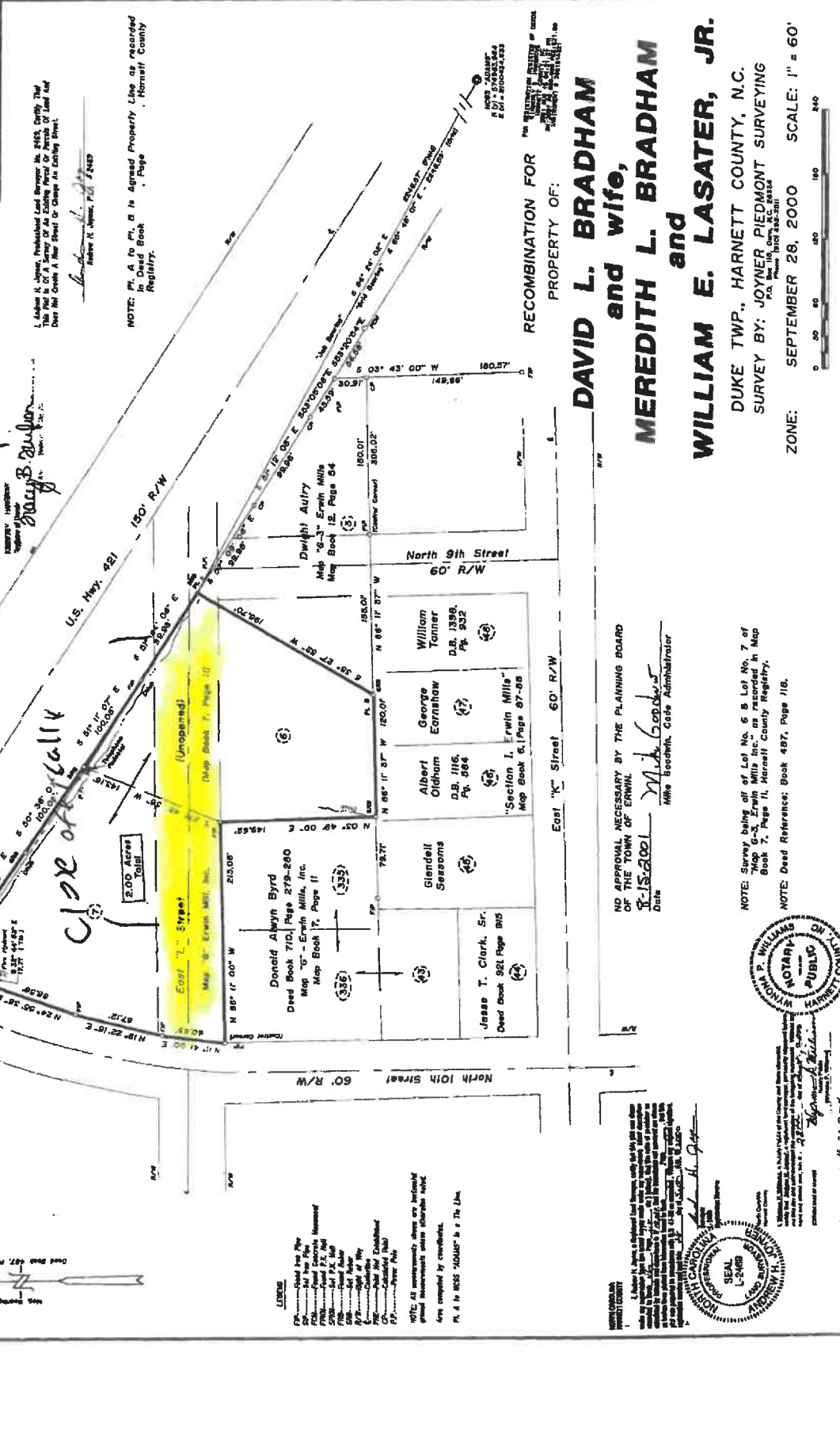
Map No. 2001-888
 Date: August 2001

NOTE: The plat is to be recorded in the Public Records Office of the County of Harnett, N.C., and the plat is to be recorded in the Public Records Office of the County of Harnett, N.C., and the plat is to be recorded in the Public Records Office of the County of Harnett, N.C.

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NOTE: This property also will appear in the recorded plat of the 2000 Redesignated Boundary Map and should be shown as a separate tract in the 2000 Redesignated Boundary Map.

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NOTE: PL. A to PL. D is Agreed Property Line as recorded in Deed Book Page Harnett County Registry.

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RECOMBINATION FOR PROPERTY OF:
DAVID L. BRADHAM and wife,
MEREDITH L. BRADHAM and
WILLIAM E. LASATER, JR.
 DUKE TWP., HARNETT COUNTY, N.C.
 SURVEY BY: JOYNER PIEDMONT SURVEYING
 P.A. No. 2000-113
 DATE: SEPTEMBER 28, 2000 SCALE: 1" = 60'

NO APPROVAL NECESSARY BY THE PLANNING BOARD OF THE TOWN OF ERWIN
 Date: 8-15-2001
 Mike Goodwin, Code Administrator

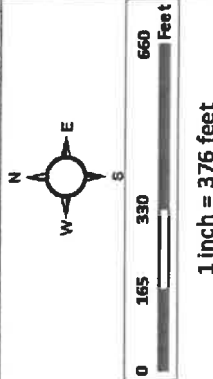
NOTE: Survey being off of Lot No. 6 & Lot No. 7 of Map No. 2000-113 in Map Book T, Page 11, Harnett County Registry.
 NOTE: Deed Reference: Book 487, Page 116.

NOTARY PUBLIC
 WILLIAM P. WILLIAMS, CLERK
 HARNETT COUNTY, N.C.

NOTARY PUBLIC
 ANDREW H. JOYNER
 HARNETT COUNTY, N.C.

Keef

Harnett GIS



NOT FOR LEGAL USE

April 17, 2023

Board of Commissioners
Town of Erwin, North Carolina
Post Office Box 459
Erwin, NC 28339

Attention: Mr. Snow Bowden, Town Manager

Reference: Engineering Retainer Agreement Extension 2023-2024 Fiscal Year

Dear Board:

DM2 Engineering, PLLC is pleased to submit our Proposal to provide engineering and technical support services to the Town of Erwin, NC. Recognizing the professional needs of a municipality along with the associated budget constraints, I am proposing a retainer fee that will allow the Town to spread out the cost of professional services over a fiscal budget cycle and help eliminate the unanticipated costs. The Scope of Services below will be provided to the Town each month regardless of the time required. This approach will assure that the Town is represented by a professional engineer who can operate as a member of the staff. Furthermore, my personal experience within the Harnett County area spans over 35 years and allows the Town access to someone who has a history working with not only Harnett County, but also other municipalities within Harnett County.

SCOPE OF SERVICES

DM2 Engineering will perform the following Scope of Services as they relate to the above proposed retainer contract:

1. Attend Board of Commissioner meetings and provide an Engineer's Report if so requested.
2. Attend Planning Board meetings as requested.
3. Attend Pre-Development meetings as requested to assist the Planning Department.
4. Attend Board of Adjustment meetings as requested.
5. Attend Mid-Carolina Council of Governments Rural Transportation Planning Organization (RPO) meetings, if so requested.

6. Provide engineering technical review and comment for Site Plan Submittals.
7. Provide site inspections for construction projects that have been permitted by the Town.
8. Provide site inspections and construction administration services for Town of Erwin projects.
9. Provide technical assistance with regards to Phase II Stormwater compliance.
10. Provide review and engineering evaluation of the Town's existing stormwater studies and assist with seeking grant funds for improvements.
11. Provide technical review and comment for any sections of the Town's Code of Ordinances that may require review and/or update.
12. Assist the Town and/or private consultants working with the Town, with the preparation of Grant Applications.
13. Assist the Town and work with members of the public who have technical issues such as storm drainage.
14. Assist with the preparation of the Town's annual Powell Bill submittal.
15. Assist the Town's Public Works staff as may be required. This can include evaluation, cost estimating and recommendations regarding potential water and sewer extensions that the Town may desire Harnett County to consider.
16. Assist the Town's Recreation Department staff as may be required.

ADDITIONAL SERVICES

Additional services required beyond that stated in the Scope of Services will be provided if so requested at an agreed upon rate.

RESPONSIBILITY OF OWNER

The following items are to be provided by the Town of Erwin:

17. Provide access to any information that may be required to perform the scope of services.

SCHEDULE

DM2 Engineering proposes that the initial Agreement begin April 1, 2013 and run through June 30, 2013 (3 months) to align with the Town's fiscal budget cycle. If at the end of this initial 3-month period the Town of Erwin is satisfied with the services being provided under this retainer agreement, then the agreement would be extended to run annually from July 1st through June 30th. The agreement would be re-evaluated at each annual budget cycle.

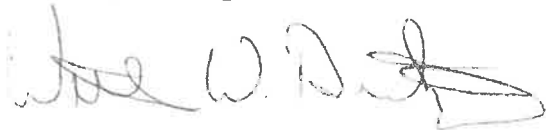
The Town of Erwin Board of Commissioners approves the extension of this Retainer Agreement to run from July 1, 2023 through June 30, 2024. An extension for the 2024-2025 budget may be evaluated by the Board during next year's normal budget cycle.

FEES

DM2 Engineering will provide the above services on a monthly basis, regardless of the time required, for a retainer fee of \$2,000/month paid the first week of each month during the Town's normal payment schedule.

To affect the acceptance of this Retainer Agreement, please execute both originals and return a copy to our office. We appreciate the opportunity to provide our services to the Town of Erwin, NC.

Sincerely,
DM2 Engineering, PLLC



William W. Dreitzler, P.E.
Managing Partner

The Scope of Services, Terms and Conditions of this Retainer Agreement are accepted.

Town of Erwin, North Carolina

print/type individual, firm or corporate name

print/type name of authorized representative with title

signature of authorized representative

date

The of and	Governing Board Town Council
	Primary Government Unit Town of Erwin
	Discretely Presented Component Unit (DPCU) (if applicable) N/A

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

and	Auditor Name Thompson, Price, Scott, Adams & Co., PA
	Auditor Address PO Box 1690 Elizabethtown NC 28337

Hereinafter referred to as Auditor

for	Fiscal Year Ending 06/30/23	Date Audit Will Be Submitted to LGC 10/31/23
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Must be within four months of FYE

hereby agree as follows:

1. The Auditor shall audit all statements and disclosures required by U.S. generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s). The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall be rendered in relation to (as applicable) the governmental activities, the business- type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types). The basic financial statements shall include budgetary comparison information in a budgetary comparison statement, rather than as RSI, for the General Fund and any annually budgeted Special Revenue funds.
2. At a minimum, the Auditor shall conduct the audit and render the report in accordance with GAAS. The Auditor shall perform the audit in accordance with *Government Auditing Standards (GAGAS)* if the Governmental Unit expended \$100,000 or more in combined Federal and State financial assistance during the reporting period. The auditor shall perform a Single Audit if required by Title 2 US Code of Federal Regulations Part 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F* (Uniform Guidance) or the State Single Audit Implementation Act. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit requires a federal single audit in accordance with the Uniform Guidance (§200.501), it is recommended that the Auditor and Governmental Unit(s) jointly agree, in advance of the execution of this contract, which party is responsible for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512).

Effective for audits of fiscal years beginning after June 30, 2023, the LGC will allow auditors to consider whether a unit qualifies as a State low-risk auditee based upon federal criteria in the Uniform Guidance §200.520(a), and (b) through (e) as it applies to State awards. In addition to the federal criteria in the Uniform Guidance, audits must have been submitted timely to the LGC. If in the reporting year, or in either of the two previous years, the unit reported a Financial Performance Indicator of Concern that the audit was late, then

the report was not submitted timely for State low-risk auditee status. Please refer to "Discussion of Single Audits in North Carolina" on the LGC's website for more information.

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

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

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

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

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

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

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

For GAAS or *Government Auditing Standards* audits, if an auditor issues an AU-C §260 report, commonly referred to as "Governance Letter," LGC staff does not require the report to be submitted unless the auditor cites significant findings or issues from the audit, as defined in AU-C §260.12 - .14. This would include issues such as difficulties encountered during the audit, significant or unusual transactions, uncorrected misstatements, matters that are difficult or contentious reviewed with those charged with governance, and other significant matters.

8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Approval is also required for the Alternative Compliance Examination Engagement for auditing the Coronavirus State and Local Fiscal Recovery Funds expenditures as allowed by US Treasury. Approval is not required on audit contracts and invoices for system improvements and similar services of a non-auditing nature.

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

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

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

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

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

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

15. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be modified or amended to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.

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

17. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit(s), shall be attached to this contract, and except for fees, work, and terms not related to audit services, shall be incorporated by reference as if fully set forth herein as part of this contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 30 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.

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

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

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

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

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

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

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

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

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

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

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

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

- a) the description of each finding, including all material weaknesses and significant deficiencies, as found by the auditor, and any other issues related to the internal controls or fiscal health of the government unit as disclosed in the management letter, the Single Audit or Yellow Book reports, or any other communications from the auditor regarding internal controls as required by current auditing standards set by the Accounting Standards Board or its successor;
- b) the status of the prior year audit findings;
- c) the values of Financial Performance Indicators based on information presented in the audited financial statements; and
- d) notification to the governing body that the governing body shall develop a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters," if required under 20 NCAC 03 .0508.

29. Information based on the audited financial statements shall be submitted to the Secretary for the purpose of identifying Financial Performance Indicators and Financial Performance Indicators of Concern. See 20 NCAC 03 .0502(c)(6).

30. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Item 17 for clarification).

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

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

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

FEES FOR AUDIT SERVICES

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

Financial statements were prepared by: Auditor Governmental Unit Third Party

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

Name:	Title and Unit / Company:	Email Address:
Linda P. Williams	Finance Officer	lpwilliams@erwin-nc.org

OR Not Applicable (Identification of SKE Individual on the LGC-205 Contract is not applicable for GAAS-only audits or audits with FYEs prior to June 30, 2020.)

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

3. The audit fee information included in the table below for both the Primary Government Fees and the DPCU Fees (if applicable) should be reported as a specific dollar amount of audit fees for the year under this contract. If any language other than an amount is included here, the contract will be returned to the audit form for correction.

4. Prior to the submission of the completed audited financial report and applicable compliance reports subject to this contract, or to an amendment to this contract (if required) the Auditor may submit interim invoices for approval for services rendered under this contract to the Secretary of the LGC, not to exceed 75% of the billings for the unit's last annual audit that was submitted to the Secretary of the LGC. All invoices for services rendered in an audit engagement as defined in 20 NCAC .0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law. (This paragraph not applicable to contracts and invoices associated with audits of hospitals).

PRIMARY GOVERNMENT FEES

Primary Government Unit	Town of Erwin
Audit Fee	\$ 11500.00
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	\$
Writing Financial Statements	\$ 3000.00
All Other Non-Attest Services	\$

DPCU FEES (if applicable)

Discretely Presented Component Unit	N/A
Audit Fee	\$
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	\$
Writing Financial Statements	\$
All Other Non-Attest Services	\$

SIGNATURE PAGE

AUDIT FIRM

Audit Firm* Thompson, Price, Scott, Adams & Co., PA	
Authorized Firm Representative (typed or printed)* R. Bryon Scott	Signature* <i>Bryon Scott</i>
Date* 05/01/23	Email Address* bscott@tpsacpas.com

GOVERNMENTAL UNIT

Governmental Unit* Town of Erwin	
Date Primary Government Unit Governing Board Approved Audit Contract* (G.S.159-34(a) or G.S.115C-447(a))	
Mayor/Chairperson (typed or printed)*	Signature*
Date	Email Address

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

GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

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

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

Primary Governmental Unit Finance Officer* (typed or printed) Linda P. Williams	Signature*
Date of Pre-Audit Certificate*	Email Address* lpwilliams@erwin-nc.org

**SIGNATURE PAGE – DPCU
(complete only if applicable)**

DISCRETELY PRESENTED COMPONENT UNIT

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

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

DPCU – PRE-AUDIT CERTIFICATE

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

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

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

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

PRINT

May 1, 2023

To Mayor and Town Council

Town of Erwin, NC

We are pleased to confirm our understanding of the services we are to provide Town of Erwin for the year ended June 30, 2023.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of Town of Erwin as of and for the year ended June 30, 2023. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Town of Erwin's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Town of Erwin's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Net Pension Asset/Liability RSI
- 3) OPEB

We have also been engaged to report on supplementary information other than RSI that accompanies Town of Erwin's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- 1) Budgetary Comparison Statements
- 2) Combining Statements
- 3) Individual Fund Statements
- 4) Supporting Schedules

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgement of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which would have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records of Town of Erwin and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgement and maintain professional skepticism throughout our audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste and abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of

email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Town of Erwin's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of Town of Erwin in conformity with accounting principles generally accepted in the United States of America based on information provided by you. In addition, we will assist in preparing cash to accrual adjustments using information provided by you. These

nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the financial statements and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes, and cash to accrual adjustments, and that you have reviewed and approved the financial statements and related notes, and cash to accrual adjustments prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them. If management is not able, then an outside consultant will be retained to assist the Town.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from these audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Town; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Thompson, Price, Scott, Adams & Co., PA and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to any Federal or State Agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Thompson, Price, Scott, Adams & Co., PA personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by any Federal or State Agency. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

R. Bryon Scott is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit on approximately June 1, 2023 and to issue our reports no later than October 31, 2023.

Our fee for these services is stated in the LGC approved contract. Any additional work out of the normal scope of the audit will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.). Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our

firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Reporting

We will issue a written report upon completion of our audit of Town of Erwin's financial statements. Our report will be addressed to management and those charged with governance of Town of Erwin. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or unable to form or have not formed opinions, we may decline to express opinions or issues reports, or we may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state the report is not suitable for any other purpose. If during our audit we become aware that Town of Erwin is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted standards and the standards for financial audited contained in *Government Auditing Standards* may not satisfy the relevant, legal, regulatory, or contractual requirements.

We appreciate the opportunity to be of service to Town of Erwin and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Thompson, Price, Scott, Adams & Co., PA

Thompson, Price, Scott, Adams & Co., PA

RESPONSE:

This letter correctly sets forth the understanding of Town of Erwin.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____

MINUTES CONTINUED FROM MAY 22, 2023

Mayor Baker inquired about the current monthly rent.

Town Manager Snow Bowden stated the current rent is \$2,500 and goes up 3% annually in March. If we agree to the proposed terms, the rental payment will increase by 10% every 5 years.

The consensus of the Board was to deny American Tower's proposed terms unless they are willing to guarantee funds for the next 25 years.

Erwin Website

Town Clerk Lauren Evans presented the Board with the progress of the new Town of Erwin Website.

MANAGER'S REPORT

Town Manager Snow Bowden informed the Board that:

- The former site of the Erwin Mill or Erwin Business Complex. The new site is being marketed under the name of Central Carolina Industrial Park. They are still cleaning up the site and making improvements to the site daily. He knew that they had made some of their existing tenants upset and some tenants had already left and most plan on leaving soon.
 - He was working with the new owners on a weekly basis. We were working on a potential rezoning or text amendment to be presented to the Planning Board at our June Town Board meeting.
- We were gathering feedback for our updated Land Use Plan at the moment. He had a follow-up meeting with Stewart Group the following day. He believed that we were still hoping to adopt the updated plan in August 2023.
- We NEED volunteers for the Planning Board. We were about to lose three members that are "In-Town". We can replace one of them with one of our alternates but we need volunteers. We asked and encouraged a lot of people. If you know someone that might be interested please encourage them to apply or to call him. We desperately need members from our ETJ. We were going to reach out to Michael Shean in August because he will be eligible to rejoin at that point. He had to sit out a year after serving two three-year terms.
- We received our last reimbursement request from the State of NC for the PARTF project at Al Woodall Park. We had to make a few extra inquiries due to staffing changes at the State level but the check was in the bank today for \$15,604.57. Our partners at the state level were great to work with on this project. He thanked our Town Engineer Bill Dreitzler and our Recreation Director Doug Stevens for all of their efforts with this project.
- The proposed budget for FY 2023/2024 was available for public inspection. Our Town Clerk Lauren Evans sent it out to all of you by email earlier that day. We will be printing off hard copies of the budget for all of you. They will be delivered this Friday. The public hearing was scheduled for next Thursday, June 1st.
- He was still waiting to hear back from Harnett County in regards to the request he sent to be reimbursed for the improvements we had to make to the ditch near Erwin Elementary to help with the flooding issues that were due to the new school on this site.
- Our Town Attorney had drafted legal complaints against two of the more serious code violations that we had in Town.

Erwin Board of Commissioners

REQUEST FOR CONSIDERATION

To: The Honorable Mayor and Board of Commissioners

From: Snow Bowden, Town Manager

Date: May 22, 2023

Subject: American Tower

I have been approached again by an agent representing American Tower. They have requested that we consider changing the terms of our current lease. As a reminder even though they have a lease with the Town for the site. They can leave at any time and they do not have to pay out the remaining terms of the lease. The only tenant on the tower at the moment is T Mobile and they recently purchased Sprint. Therefore they are looking at downsizing towers. If we accept the current proposal we would lose around \$1,894,897 over the entire time of the lease. I would recommend that we discuss the terms of a potential counteroffer to send back to this company.



May 2, 2023

TOWN OF ERWIN NC
ATTN: Snow Bowden
PO BOX 459
ERWIN, NC 28339

RE: American Tower Site No. 273036 / ERWIN NC ("Tower Site")

Dear Valued Landlord,

As the leading independent operator of wireless and broadcast communication sites, American Towers LLC (together with its affiliates and subsidiaries, "American Tower") understands the importance of maintaining productive long-term relationships with its landlords. American Tower has therefore engaged MD7 to reach out to its landlords to review ways to grow and develop those relationships.

Based upon current market conditions, we need to adjust the financial terms of this Tower Site's contract in order to ensure the long-term stability of the Tower Site and allow all parties to benefit. The proposal below outlines two options available for the tower on your property:

Option 1: Rent Reduction

- A one-time signing bonus of \$10,000.00.
- \$1,750.00 per month commencing upon amendment completion.
- 10% term escalation will commence upon amendment completion.
- Providing 2 terms of 5 years each; final expiration date will be March 2, 2079.

Option 2: Perpetual Easement

- One-time payment of \$400,000.00 in exchange for a perpetual real estate interest.
- This can also be structured as a set number of guaranteed monthly or annual installments payments with interest, personalized to fit your long-term financial needs.

I look forward to working with you to secure this mutually beneficial relationship for the years to come. After you review the options outlined above, please contact me to discuss further.

Respectfully,
De'Andre Freeman
DFreeman@md7.com
(858) 401-7299

MD7 | Lease Consultant
An authorized vendor of American Towers LLC and its subsidiaries and affiliates

Date 4/20/23

TOWN OF ERWIN NC
PO BOX 459
ERWIN, NC 28339

**Re: Letter of Authorization
American Tower Site #273036**

Dear Landlord:

As you know, a subsidiary of American Tower Corporation built, acquired, subleases or manages the tower on your property. We very much appreciate the relationship we have with you and want to remain at this location for as long as possible. With that in mind, we would like to discuss several long-term options for qualifying Landlords.

American Tower has hired MD7 to work directly with you and to go over the features and potential long-term benefits of these programs. A member of the MD7 team, **De'Andre Freeman**, will be contacting you in the near future and can be reached directly at **858-401-7299**.

Thank you and I look forward to our continued relationship.

Sincerely,



Gregory M. Pearson
Manager, Land Acquisitions

MINUTES CONTINUED FROM MAY 22, 2023

- He attended an event the prior week at Good Hope Hospital that was put together by their new Executive Director Mark Morris. He thought it was well put together and the improvements to this site looked great. They had made some serious improvements to the entire site. This project had been a few years in the making.
- At our last Town Board meeting we received a complaint on a few homes and ditches. Erwin Public Works still needed to get out and clean out a few of the drain tiles on Barnes Drive but that was in the works if it was not completed the same day. The other ditches have been cleaned out.
 - Our Code Enforcement Officer reached out to the property owner at 704 North 16th Street. The person that owns the home inherited the home. He currently lives in Texas. He was aware that the home needed work and he told us that he was getting a plan together to fix the home so it could be used.
 - The house at 709 North 16th Street was apparently taken by NC Medicaid according to the property owner that is listed on GIS. We were still investigating this. There were taxes owed on this property He had asked Harnett County to see if they could do anything to start the process to collect these back taxes.
 - The house at 708 North 16th Street was tied up with a number of heirs. There was no homeowner listed on GIS. There were back taxes on the property. He had asked Harnett County to look into starting the process to collect taxes on this parcel.
 - The house at 406 West K Street had been an issue in Erwin for years. Last year, we completed a title search and we never got anywhere with it. He knew that someone had asked Harnett County to start the process to collect taxes on this parcel as well.

GOVERNING COMMENTS

Commissioner Nelson inquired about a Town Ordinance on how fences are supposed to look.

Town Manager Snow Bowden stated fences should not face the opposing property owners and can only be 4ft in the front and 6ft on the sides and rear. There are only certain materials the fence can be made out of.

Commissioner Nelson stated he had received complaints about a fence.

Town Manager Snow Bowden stated he was aware of the property Commissioner Nelson was talking about. Fines have been sent and they fix it but it gets damaged again. The property owner had been instructed to take the fence down.

Commissioner Nelson stated additional parking is crucial for Al Woodall Park. He thanked Town Staff and Police Department for everything they do. The Remembrance Service was very nice and he hoped we continued to do it every year.

Commissioner Byrd stated as always he is thankful for Town Staff. He expressed his concern for the issues at the Ivey property. We need to do something. A year has passed and he needed Town Attorney Tim Morris to do something about it now, no more waiting around.

Commissioner Blackmon inquired about the grass complaint at the house on East K Street he previously spoke with Town Manager Snow Bowden about.

MINUTES CONTINUED FROM MAY 22, 2023

Town Manager Snow Bowden stated he would follow up with Code Enforcement Officer Chris Jones on why the home had not been cut yet.

Commissioner McKoy stated he was sick and tired of his neighbor and he tries to get along with all of his neighbors. He was sick and tired of smelling sewage. His neighbor never came before the Board. The plumbing is hooked up to her house and she is running water to her accessory building to push all the water out of her commode. She is very busy and her home is not zoned for business.

Mayor Baker inquired about the Comprehensive Land Use Plan progress.

Town Manager Snow Bowden stated we were on track to have the Comprehensive Land Use Plan adopted in August.

Mayor Baker stated Code Enforcement Officer Chris Jones needed to visit between Wondertown Drive and Hope Street, there is a yard down there with grass high across from Mr. Talley's house. He stated the Board appreciated the valuable staff and everything they do. Things are happening in Town for the better and people are taking note.

ADJOURNMENT

Commissioner Byrd made a motion to adjourn at 7:06 P.M. and was seconded by Commissioner Nelson. **The Board voted unanimously.**

**MINUTES RECORDED AND TYPED BY
LAUREN EVANS TOWN CLERK**

ATTEST:



Randy Baker

Mayor



Lauren Evans

Town Clerk