

COLUMBUS COUNTY
BOARD OF COMMISSIONERS

MINUTES

The Honorable Board of Columbus County Commissioners met in their said office at 111 Washington Street, Whiteville, NC at 7:30 P.M., August 19, 1996, it being the third Monday.

BOARD MEMBERS PRESENT:

Spruell Randolph Britt, Chairman

C.E. "Gene" Wilson, Vice Chairman

David L. Dutton, Jr.

A. Dial Gray, III

Sammie Jacobs

Lynwood Norris

C.W. Williams

James E. Hill, Jr., Attorney

Dempsey B. Herring
Administrator

Ida L. Smith, Clerk to Board

**PUBLIC HEARING - COLUMBUS COUNTY HOSPITAL ADDITIONS AND
RENOVATIONS**

The Board of Commissioners for the County of Columbus, North Carolina, met in the Commissioners' Meeting Room of the Columbus County Administrative Building, 111 Washington Street, in Whiteville, North Carolina, at 7:30 P.M. on August 19, 1996.

Present: Chairman Spruell Randolph Britt, presiding, and Commissioners C. E. Wilson, David L. Dutton, Jr., A. Dial Gray, III, Sammie Jacobs, Lynwood Norris and C. W. Williams.

Absent: None

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The Chairman of the Board of Commissioners for the County of Columbus, North Carolina (the "County") announced that this was the hour, day and place fixed for the public hearing for the purpose of considering whether the Board of Commissioners for the County (the "Board of Commissioners") should approve a proposed installment financing contract and certain related documents under which the County would obtain financing pursuant to Section 160A-20 of the North Carolina General Statutes, as amended, of a portion of the cost of a project consisting of the construction of additions to and the renovation of Columbus County Hospital (the "Hospital"), which is owned by the County and operated by Columbus County Hospital, Incorporated, a nonprofit corporation, to provide expanded or improved facilities for the Surgical Department, the Ambulatory Procedure Unit, the Cardiopulmonary Department and Central Registration and the relocation of the Physical Therapy Department from the Hospital to a new Office Building which is to be constructed adjacent to the Hospital but the construction of which is not a part of such project, as described in the notice of such public hearing which was published in The News Reporter on August 8, 1996 (the "Project"), and under which the County would secure the repayment by it of moneys advanced pursuant to such installment financing contract by granting a security interest in a portion of the Project and certain related property.

The County Administrator and the County Attorney then described the Project as currently proposed and presented and described a draft of an Installment Financing Contract which constituted such proposed installment financing contract and a draft of a Deed of Trust under which the County would secure the repayment of moneys advanced pursuant to such Installment Financing Contract.

The Chairman of the Board of Commissioners then announced that he Board of Commissioners would immediately hear anyone who might wish to be heard on such matter.

No one appeared, either in person or by attorney, to be heard on such matter and the Clerk to the Board of Commissioners announced that no written statement relating

to such matter had been received.

Thereupon, the Board of Commissioners determined to proceed with the proposed financing of the Project.

Thereupon, the Chairman of the Board of Commissioners announced that the public hearing was closed.

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I, Ida L. Smith, Clerk to the Board of Commissioners for the County of Columbus, North Carolina, DO HEREBY CERTIFY that the foregoing has been carefully copied from the recorded minutes of said Board Meeting at a meeting held on August 19, 1996, said record having been made in Minute Book No. 23 of the minutes of said Board beginning at page 651 and ending at page 653, and is a true copy of so much of said proceedings of said Board as relates in any way the holding of a public hearing upon the matter described in said proceedings.

I DO HEREBY FURTHER CERTIFY that a schedule of regular meetings of said Board are held on the first and third Mondays of each month at 8:00 A.M. and 7:30 P.M., respectively, in the Commissioners' Meeting Room of the Columbus County Administrative Building, 111 Washington Street, in Whiteville, North Carolina, has been on file in my office as of a date not less than seven days before the date of said meeting in accordance with G.S. §143-318.12.

WITNESS my hand the corporate seal of said County, this 19th day of August, 1996.

/s/ Ida L. Smith
Clerk to the Board of Commissioners

(SEAL)

REGULAR BOARD MEETING COMMENCED

Immediately thereafter, Chairman Britt called the regularly scheduled Board Meeting to order and Commissioner Gray gave the invocation.

BOARD MINUTES APPROVAL

A motion was made by Commissioner Norris, seconded by Commissioner Williams and passed unanimously to approve the August 5, 1996 Board Minutes as recorded.

CONSENT AGENDA ITEMS

A motion was made by Commissioner Williams, seconded by Commissioner Norris, and passed unanimously to approve the consent agenda items as follows:

Tax Releases:

Eugene and Meta Black: Did not receive the Senior Citizen's exemption on their lot and house, map I-4-80. Amount \$220.00, valuation \$15,000, year 1996, account #01-05880.

Richard Cordell Bordeaux: X-5-53, not in Acme Delco Fire District. Amount \$10.13, Year 1996, account #15-03360.

James Sylvester Bowens: Y-3-42, mobile home already listed on real estate to Sherry & James Bowens on 15-03730- Y-3-42, vacant lot. Amount \$256.91, valuation \$19,890, year 1996, account #15-03660.

Harry L. & Laura Britt: Mobile home was repossessed by U.C.B. December, 1994. Amount \$252.13, valuation \$15,400, year 1995-96, account #07-00665.

Martha & Janice Brown: Mobile home (1986 14 x 76) double listed to Janice Brown on account 13-04474. Amount \$116.72, valuation \$6,610, year 1996, account #01-04199.

Ruby C. Bullard: I-7-98C received senior citizen's exemption through error. To be rebilled on late list with full valuation of \$19,400. Amount \$38.28, valuation \$4,400, year 1996, account #01-10400.

Chadbourn Industrial Corporation: CH-1-77, tax exempt; also CH-1-78. Amount \$73.32, valuation \$9,400, year 1996, account #13-07903.

Cookes Department Store: Out of business since 1993. Amount \$66.66, valuation \$8,546, year 1996, account #13-08980.

Alma Creech Heirs: Mobile home picked up through error. Sold since 1994. Amount \$17.16, valuation \$2,000, years 1995-96, account #01-18080.

Theron Layton Dowless: Value of camper trailer reduced (poor condition). Amount \$18.72, valuation \$2,400, year 1996, account #01-21280.

Henry E. Edwards: 2 bulk barns, priced too high; also one (1) user fee on E-5-

50. Amount \$104.00, valuation \$5,000, year 1996, account #12-06820.

Leland H. & Hazel Mae Etheridge: Personal property (camping trailer) sold in Spring of 1995. Amount \$194.25, valuation \$15,610, year 1996, account #03-06180.

Terry Edison Godwin: Double-listing (pick-up). Mobile home already listed to Katherine & Terry Godwin on 03-08543, map 0-8-1. Amount \$94.75, valuation \$4,050, year 1996, account #03-08637.

Juan Carolos & Patti Gomey: Mobile home double listed on personal also real property on account 04-06004. Amount \$290.59, valuation \$32,640, year 1996, account #04-06994..

Ruby J. Graham: Failed to receive the disability exemption on her mobile home. Amount \$98.14, valuation \$4,890, year 1996, account #08-07450.

Cecil Eugene Hammond, Jr.: Mobile home (pickup), already listed on regular list as Barry Glen Norris on account 01-74651. Amount \$124.98, valuation \$6,790, year 1996, account #03-09959.

Denna Elise McP. Hathway: Mobile home sold to Ted Parker, March 1995. Amount \$136.05, valuation \$9,750, year 1996, account #13-26337.

Rayford S. & Melinda Harrelson: Mobile home double listed to Melinda Harrelson on separate account 09-13077. Amount \$235.29, valuation \$20,430, year 1996, account #06-17792.

Althea S. Hartman: Mobile home double-listed on real to Johnny F. and Althea Grice on #07-07903. Amount \$173.02, valuation \$14,490, year 1996, account #07-08143.

Wayne Monroe Jr. and Tony Hayes: Mobile home moved to Cumberland County, December, 1995. Amount \$205.95, valuation \$17,010, year 1996, account #16-07963.

Rudolph & Janie Faye Hilburn: Double-wide, double-listed as real property on Faye & Rudolph Hilburn, map C-3-23A. Amount \$103.29, valuation \$5,550, year 1996, account #12-11980.

Joseph P. Howard, Jr.: Mobile home sold December, 1994 to Curtis Presley, outside County. Amount \$7.80, valuation \$1,000, year 1996, account #15-18815.

William & Johnnie Huggins: E-3-58A, totally exempt due to senior citizen's exemption. Amount \$65.00, year 1996, account #12-12577.

Michael & Janice Pearl Jackson: Mobile home sold July, 1995. Picked up through error. Amount \$183.08, valuation \$15,780, year 1996, account #06-20310.

Myrtle Jordon: K-7A-225, failed to receive the senior citizen's exemption on lot and house. Amount \$170.49, valuation \$12,700, year 1996, account #01-49187.

Thomas Wilton Justice: Mobile home double-listed to Robbie Justice on 15-21067. Amount \$89.70, valuation \$3,000, year 1996, account #15-21075.

Martin Means: Mobile home sold in 1994 and billed to Jerry Elmer & Elsie Faulk on H-7-14. Amount \$145.71, valuation \$9,990, year 1996, account #13-27054.

John C. Meares: 1979 Toyota, vehicle junked; listed through error. Amount \$2.57, valuation \$300, year 1996, account #01-60746.

Marva Graham Miller: 1988 mobile home sold and listed to Joseph Graham. Amount \$124.96, valuation \$7,570, year 1996, account #14-16417.

Andy & Shery Noble: Mobile home double listed on real and personal property. Amount \$299.62, valuation \$27,230, year 1996, account #16,11866.

Hollon & Shelby Norris: F-12-1 in Land use value. Amount \$53.68, valuation \$6,100, year 1996, account #06-27823.

Phillip B. & Margaret Norris: G-8-11A, 1 house only; also, 1980 camper, permanently located in Watauga County. Listed here through error. Amount \$86.88, valuation \$3,200, year 1996, account #13-31302.

Eddie Parker: D-2A-32, totally exempted due to senior citizen's exemption. Amount \$85.00, year 1996, account #12-21160.

Fred W. & Juanita Pfuetze: Y-1C-23, failed to receive senior citizen's exemption on lot and house. Amount \$162.00, valuation \$15,000, year 1996, account #15-29707.

Jane Ransom K. Pittman: K-4-10B, metal building, vacant. Also North Whiteville fees should be only \$25.00 (valuation \$12,600). Amount \$85.00, year 1996, account #01-70500.

Ester W. Ray: I-10-66, failed to receive full senior citizen's exemption on her house. Amount \$115.92, valuation \$13,800, year 1996, account #09-24480.

Linnie Sasser: Failed to receive senior citizen's exemption on lot and house, map N-10-113. Amount \$129.00, valuation \$15,000, year 1996, account #03-20628.

Hartford T. Sellers, Sr.: J-8-32A, 1994 mobile home priced too high. Second mobile home, vacant. Amount \$78.40, valuation \$2,000, year 1996, account #03-20847.

Lewis E. Sellers, Jr.: Mobile home double-listed on real to Lewis E. & Alpha Mae Sellers. Amount \$296.42, valuation \$30,310, year 1996, account #08-16345.

Mark E. Singletary: Boat sold in 1995. Amount \$2.37, valuation \$275, year 1996, account #06-32991.

Egbert F. & Nellie Smith: L-12-78K, failed to receive the senior citizen's exemption on mobile home. Amount \$72.92, valuation \$1,400, year 1996, account #03-22412.

Lottie Sneed: Failed to receive the senior citizen's exemption on lot and house W-2-70. Amount \$135.00, valuation \$15,000, year 1996, account #15-35120.

Jessie Edward Stocks: Failed to receive full exclusion (S.C. exemption) on lot and house, map M14-64. Amount \$14.51, valuation \$1,860, year 1996, account #07-16960.

Mary Ann Thompkins: Mobile home double listed on personal and real property, map F-11-69. Amount \$114.09, valuation \$6,440, year 1996, account #06-39465.

Town of Tabor City: Clerical error. I-13-85A, tax exempt. Amount \$22.62, valuation \$2,900, year 1996, account #06-39195.

Whiteville Oil Company, Incorporated: Business listing rendition incorrect. Amount \$862.31, valuation \$101,449, year 1996, account #02-05790.

Mary R. White: Failed to receive senior citizen's exemption on residence, map E-4-84H. Amount \$177.00, valuation \$15,000, year 1996, account #12-28701.

Douglas Elliott Williams: Mobile home sold and listed to John Kevin Williams. Amount \$14.59, valuation \$1,870, year 1996, account #12-29045.

Mamie Williams, Failed to receive senior citizen's exemption on lot and house TC-3-411. Amount \$117.00, valuation \$15,000, year 1996, account #06-43340.

Refunds:

Ordered: That a refund check be issued to Joseph Reid and Marjorie Dowless, 100 Lake Rum, Rockingham, NC 28379, in the amount of \$60.00, for year 1996. S-2-55, house vacant. Account #04-03523.

Ordered: That a refund check be issued to Sarah Turbeville, 33 Ivey Road, Evergreen, NC 28438, in the amount of \$58.30 for year 1996. Totally exempted due to senior citizen's exemption except Evergreen fire fees (Map D-2A-11). All taxes paid through error. Account #12-27940.

Budget Amendments:

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| Transfer 10-348-0602 1995-96 State CVD Screening carry over funds | \$20,328.00 |
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Expend as follows:

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| 10-573-02 Salaries | 6,584.00 |
| 10-573-04 Professional Services | 2,747.00 |
| 10-573-05 FICA | 500.00 |
| 10-573-14 Travel | 1,000.00 |
| 10-573-32 Office Supplies | 5,000.00 |
| 10-573-33 Departmental Supplies | 4,497.00 |
| Accept 10-348-07 Family Planning State Funds | 1,500.00 |
| Expend 10-591-14 Travel | 1,500.00 |
| Appropriate 10-399-0000 Fund Balance 1995-96 Reserved Chadbourn Library Grant | 10,000.00 |
| Expend 10-690-1500 Chadbourn Library | 10,000.00 |

LEASE - COLUMBUS COUNTY HOSPITAL

A motion was made by Commissioner Norris, seconded by Commissioner Williams and passed unanimously to approve the following Lease between Columbus County and the Columbus County Hospital, Incorporated.

STATE OF NORTH CAROLINA

COUNTY OF COLUMBUS

LEASE

THIS LEASE, made and entered into this 15th day of July, 1996, by and between COLUMBUS COUNTY, a political subdivision of the State of North Carolina, party of the first part, and hereinafter referred to as "LESSOR" or "County", and the

COLUMBUS COUNTY HOSPITAL, INC., a public, charitable, non-profit hospital corporation, organized under and existing pursuant to the laws of the State of North Carolina, party of the second part, and hereinafter referred to as "LESSEE" or "CCH":

WITNESSETH

That for and in consideration of the covenants and agreements hereinafter set forth, Lessor has demised and leased, and Lessee accepts as tenant of Lessor, all of that certain tract or parcel of land located in Columbus County and more particularly described as follows:

BEGINNING at a new iron pipe, the Northeast corner of Tract Two, said beginning point being also located North 83 degrees 47 minutes East 1163.47 feet from the Northeast corner of that tract conveyed by J. T. McKenzie to W. E. Miller, dated February 23, 1935, and recorded in Deed Book 145, Page 222, said tract being the site of the existing Columbus County Hospital, and running thence with the Southern 36 foot right-of-way line of U. S. Highway No. 74-76, North 83 degrees 47 minutes East 581.47 feet to a new iron pipe at the intersection of the Southern 36 foot right-of-way of U. S. Highway No. 74-76 with the Western 30 foot right-of-way of what is known as the Old Tram Road; thence with the Western 30 foot right-of-way of the Old Tram Road, South 3 degrees 5 minutes West 749 feet to a new iron pipe said iron pipe being also located South 83 degrees 49 minutes 30 seconds West 30.4 feet from a new iron pipe set in the center line of the paved Old Tram Road; thence a new line South 83 degrees 49 minutes 30 seconds West 584.25 feet to a new iron pipe, the Southeast corner of Tract No. Two of a survey for Columbus County Hospital made by Willis & Walker, Registered Surveyors, dated September 25, 1972; and running thence with the Eastern line of Tract No. Two North 3 degrees 16 minutes 40 seconds East 749 feet to the beginning, containing 9.89 acres, more or less, and being a portion of the lands described in deed dated March 30, 1938, from J. T. McKenzie and wife, Meda McKenzie, to Doris McKenzie, recorded in Deed Book 154, Page 10, Columbus County Registry, known as Tract No. Three of a survey for Columbus County Hospital made by Willis & Walker, Registered Surveyors, dated September 25, 1972, and being subject to additional highway right-of-way as recorded in Deed Book 234, page 578, Columbus County

Registry. Being also the same lands described in deed dated January 14, 1974, from Doris M. Pridgen, to Columbus County, recorded in Deed Book 275, Page 346, Columbus County Registry.

TO HAVE AND TO HOLD the same and the privileges and appurtenances thereunto in any way appertaining to the Lessee and its successors, upon the following terms and conditions:

1. TERM OF LEASE AND USE OF FUNDS. The term of this Lease shall commence on December 1, 1996, and shall continue thereafter until November 30, 2016. All profits, funds, and gifts accumulated by the CCH shall be held by the CCH and used only in the regular operation of CCH and expansion or replacement of buildings and equipment. The Lessee shall not erect any new buildings without the written consent of the Board of Commissioners of Columbus County. Consent for construction shall not unreasonably be withheld.

2. RENTAL PAYMENT. The annual rental payment for the term hereof shall be the sum of one (\$1.00) dollar per year payable on or before the 1st day of July, 1996, and on or before the 1st day of July, of each succeeding year thereafter during the term hereof. In addition to the above CCH will pay to Columbus County the following sums as they mature and come due: \$453,875.00 dollars for the year 1995-96 and the sum of \$131,562.50 for the year 1996-97. In addition, CCH will construct a physical plant and make additional changes to the present plant in an estimated amount in excess of \$12,000,000.00. The said Lessee (CCH) shall also pay to Columbus County all sums due as they mature on the debt service of the said amount for the expansion (estimated to be \$12,000,000.00).

3. NAME OF FACILITIES. The hospital facilities on the leased premises shall bear the name of COLUMBUS COUNTY HOSPITAL, INC.

4. USE OF PREMISES. The leased premises shall be used for the operation of a non-profit hospital, and such auxiliary activities as Lessee may deem necessary and advisable in connection therewith, subject to the terms and conditions herein contained. Lessee covenants that the hospital facilities shall continue to operate as a non-profit association in accordance with the provisions of the laws of the State of North Carolina

during the full term hereof, and that Lessee will continue to operate the hospital facilities known as COLUMBUS COUNTY HOSPITAL, INC., as a non-profit hospital to furnish hospital, clinic or related services to all of the people of Columbus County to provide for the care and maintenance of the indigent sick and afflicted poor of Columbus County in substantially the same manner that Lessee is now providing said services and in accordance with the existing laws.

5. COMPOSITION OF LESSEE.

(A) The composition of the Columbus County Hospital, Inc. Board of Trustees shall consist of nine (9) members. All of the present members of the Columbus County Board of Trustees (Bob Deans, E. L. Council, Harry L. Jordan, Carl W. Meares, Jr., A. Paul Rogers, Jr., Thomas Jones, Emogene W. Suggs, L. Lynwood Norris (county commissioner's appointment) and John Hodgson, M.D.) are hereby re-appointed by the Columbus County Board of Commissioners until their death, resignation or until a vacancy occurs under the other terms and conditions as stated in the present By-Laws of the Columbus County Hospital, Inc.

One member of the Columbus County Board of Trustees shall always be the then Chief of Medical Staff of the Columbus County Hospital, Incorporated who shall be a full voting member of the Board. The Chief of the Medical Staff shall be selected by the approved Medical Staff of the Columbus County Hospital, Incorporated.

One member of the Board of Trustees shall be a sitting and acting member of the Columbus County Board of Commissioners who shall be selected by the Columbus County Board of Commissioners. This appointment is an annual appointment and shall be made at each organizational meeting in December of each year by the said Board of County Commissioners.

When, through either death or resignation or by operation of these By-Laws, a vacancy occurs on the Columbus County Hospital, Inc. Board of Trustees, the remaining Trustees shall select at least three qualified individuals from each of the Columbus County Commissioner's zone where the vacancy occurred or a zone which is not represented on the then sitting Board of Trustees within thirty (30) days of the date of the vacancy. These

individuals' names shall be nominated by the remaining Trustees of the Columbus County Hospital, Inc. to the Columbus County Board of Commissioners, by written notice. The Columbus County Board of Commissioners shall make the appointment of the replacement from the names submitted, considering the qualifications of each nominee within sixty (60) days of date of the vacancy. If the Columbus County Board of Commissioners shall fail to make the appointment within sixty (60) days of the date of the vacancy, then the remaining members of the Columbus County Hospital, Inc. Board of Trustees shall be re-convened and shall select one of the three nominees previously submitted to the Columbus County Board of Commissioners, who shall be then appointed to the Board of Trustees of the Columbus County Hospital, Inc. with the full authority and for the same term as any other Trustee. If the Board of Trustees of the Columbus County Hospital, Inc. shall fail to submit a list of three nominees within thirty days (30) of the date of the vacancy, the Columbus County Board of Commissioners shall be allowed to appoint a member to fill the vacancy on the Board of Trustees of the Columbus County Hospital, Inc. without waiting for nominations, provided the person appointed shall be from one of the Commissioner's zones which is not represented on the Board of Trustees of the Columbus County Hospital, Inc.

(b) The Board of Trustees of Columbus County Hospital shall receive no compensation for the performance of their duties as a hospital trustee.

(c) Each Board of Trustees member shall be expected to attend annual, regular, and special called meetings on a regular basis. The failure to attend three or more of such meetings (including annual meeting) within any given twelve (12) month period, without acceptable excuse, shall constitute grounds for termination of that member's membership on the Board of Trustees of Columbus County Hospital, Inc.

(d) The Columbus County Hospital, Inc. By-Laws shall be changed to reflect the changes in the composition of the Board of Trustees of the Columbus County Hospital, Inc. as herein stated.

6. RESPONSIBILITIES OF LESSEE.

(a) The Lessee shall cause to be prepared and furnish to Lessor an annual audit of the books, records and affairs of Lessee, prepared by an independent Certified Public

Accountant mutually satisfactory to Lessor and Lessee. Lessee shall make available to such auditor all necessary books, records and information requested by said auditor for the purpose of obtaining a complete and comprehensive audit. Once each year, at the completion of the hospital audit by the independent auditor, a joint meeting of the Columbus County Commissioners and the Board of Trustees of Columbus County Hospital shall be held at which time the independent auditor will present the audit report to the joint meeting of the financial condition of the hospital and a copy of the audit report will be given to each of the Columbus County Commissioners.

(b) The Lessee shall operate said hospital facilities in accordance with standard practices for operating hospitals in the State of North Carolina, in compliance with the laws of the State of North Carolina, and rules and regulations of any government body having jurisdiction thereover, and in a manner to fully comply with the duties, responsibilities and obligations of the individual members constituting Trustees of the Columbus County Hospital, Inc. as are fixed by law.

(c) If a "serious question" arises as to whether or not the lessee is operating the hospital facilities in accordance with standard of practice for operating hospitals in North Carolina of the same type, mission purpose and general description of "CCH", then the Chairman of the Board of Commissioners of Columbus County may direct that the Board of Trustees of the hospital and the Board of Commissioners of Columbus County to hold a joint meeting to discuss the compliance with paragraph (b) above. This meeting is subject to the open meetings law and must be commenced within seven (7) days of the request by the Chairman of County Commissioners at a mutually agreeable location. This meeting may be continued from session to session until a satisfactory conclusion has been reached. If an agreeable decision has not been reached between the two parties within ninety (90) days of the first meeting, then both parties of this lease, their successors or assigns, agree to binding arbitration as to the issue which has caused the "serious question" to arise. The decision of the arbitrator is final and binding on all parties and is not appealable to the courts. If an agreeable arbitrator cannot be selected by the parties, then the parties agree to use an knowledgeable individual on hospital or managed health care facilities furnished through the

American Arbitration Association. Each party hereto shall equally bear the cost of the arbitration and their own attorney or expert witness fees. The parties shall select a panel of either one (1) or three (3) arbitrators to hear and decide the matter. If no agreement can be reached by the parties as to the number on the panel, then, the panel shall consist of three (3) arbitrators.

(d) It is understood that the Lessee, Columbus County Hospital, Inc. may purchase other real estate during the term of the lease in its own name. If the Lessee intends to purchase any real estate, then the hospital administrator will immediately notify the head administrative officer of Columbus County of the planned purchase and will provide him or her with a copy of the option or details of the proposed transaction. The Lessee also agrees that it will not dispose of any real estate during the term of this lease without the express written approval of the Board of County Commissioners of Columbus County as expressed in a formal resolution of the said Board of Commissioners. If the Lessee owns any property at the end of the lease, then the Lessee will deed to Columbus County all property it owns at the termination of the lease period without reservation for the sum of ten (\$10.00) dollars.

(e) The Lessee shall make no changes to its corporate by-laws which either affect the financial condition of the Lessee or the composition and the manner of election of the Board of Trustees without first notifying the Lessor of the proposed changes, unless the same is deemed necessary to comply with a state or federal law, mandate, regulation, or dictate.

(f) The Lessee shall make no major management changes or enter into any alliance, consortium, or merger which materially affects the providing of medical services to the citizens of Columbus County without first notifying the Columbus County Board of Commissioners and informing them as to the possible financial effects of the contemplated action and how this action might effect the Lessee's financial status and the benefits of the services to the citizens of Columbus County.

(g) The Lessee shall execute any and all documents necessary to be prepared by Bond Attorneys to effectively assure the Lessor that they shall pay the revenue bonds which are presently contemplated to be issued in the near future as they mature.

7. FINANCIAL COVENANTS OF THE LESSEE. The Lessee covenants with Columbus County and it shall operate and maintain the financial condition of Columbus County Hospital, Inc. in accordance with Generally Accepted Accounting Practices or other industry accepted accounting principals applied on a consistent basis throughout the terms of this lease, except modified by the following definition:

(a) Columbus County Hospital, Inc. shall maintain a debt coverage ratio of no less than 2.00 to 1.00 on an annual basis. (Debt Coverage ratio being the ratio of the net profit plus depreciation, amortization and other non-cash expenses to prior years maturities of long term debts and capitalized leases).

(b) The Columbus County Hospital, Inc. shall maintain a current ratio of 1.50 or greater (current ratio being defined by current assets divided by current liabilities).

© If any adverse conditions or events should occur concerning the financial status of the Columbus County Hospital, Inc., the Columbus County Hospital Administrator shall promptly advise the Columbus County Administrator in writing of such conditions or events that would or might materially adversely affect the hospital's financial conditions or operations or the collateral for the outstanding revenue bonds.

(d) The Columbus County Hospital, Inc. shall furnish to the County of Columbus a copy of the quarterly internal financial statements, including a balance sheet and a profit and loss statement, within forty-five (45) days, after the close of such period.

(e) The Columbus County Hospital, Inc. shall, within five (5) days prior to the due date of each revenue bond payment, transfer to the Columbus County General Fund the appropriate sums to make all said revenue bond payments.

(f) At any time when Columbus County should take possession of the hospital (subsection (h) of this number) due to failure of the Columbus County Hospital, Inc. to meet its revenue bond obligations as they mature during the next twenty (20) years, the Columbus County Hospital, Inc., hereby irrevocably assigns, in fee, to the County of Columbus all their right, title and interest in any tangible and intangible assets and any other real and personal property in order to allow the County of Columbus to continue the operation of the hospital for the citizens of Columbus County for any additional term of this Lease.

(g) Violation of any of the above conditions shall constitute a "serious question" as Section 6 © and a meeting shall be called in accordance with that section.

(h) Failure of the Columbus County Hospital, Inc. to pay for the Revenue Bonds of Columbus County as they mature shall constitute a violation which shall entitle the Board of County Commissioners to terminate this Lease, after a meeting in accordance with Section 6 (c), and after the Board of Trustees of CCH have failed to provide to the Columbus County Board of Commissioners a satisfactory remedial correction plan for the financial problems of the Lessee by the next bond payment date. The Board of Trustees shall have a three (3) month period from the date of the failure to pay the matured bond obligation payment to present the said remedial plan.

If a termination of this Lease should take place in accordance with this section, then the control of the physical and financial assets of the Columbus County Hospital, Inc. shall be irrevocably assigned and transferred pursuant to Section 7 (g) herein until such time as all outstanding revenue bonds have been paid in full.

8. DUTIES OF LESSEE. Lessee agrees to make no unlawful or offensive use of the premises, to keep the same in good repair, and to deliver the same up at the end of the term hereof in good order and condition, ordinary wear and tear, fire and other unavoidable accidents excepted.

9. COLUMBUS COUNTY NOT RESPONSIBLE FOR OPERATIONS. Lessor shall not be responsible in any way for any mismanagement or failure to operate said hospital in a proper manner, nor shall Lessor, without its consent, be or become responsible for any financial deficit in the operation of the hospital not previously authorized by the County of Columbus.

10. DESTRUCTION OF BUILDINGS BY FIRE OR CASUALTY. If any of the buildings should be destroyed or rendered unfit for use by fire or other casualty during the term of this Lease, it is understood and agreed that any proceeds derived from insurance as a result of fire or other casualty, together with such proceeds as Columbus County or other parties may see fit to make available, shall be used in the repair or reconstruction of the hospital; and during and after the repair or reconstruction of the property, this Lease, shall

continue in effect, unless canceled by the agreement of both parties hereto.

11. LESSEE TO CARRY INSURANCE. Lessee shall carry such insurance on the property, both personal and real for the reasonable insurable value, and for its protection in the operation of the hospital and for the protection of Columbus County as their interests may appear.

IN WITNESS WHEREOF, Columbus County has caused this instrument to be executed in its corporate name by the Chairman of its Board of County Commissioners and attested by the Secretary of said Board, pursuant to the motion duly and regularly adopted at the January 16, 1996, and reaffirmed at the July 15, 1996 meeting and again at the August 19, 1996 meeting of said Board of County Commissioners, and the Columbus County Hospital, Inc., has caused this instrument to be executed in its corporate name by its Chairman, and its corporate seal to be affixed thereto and attested by its Clerk pursuant to resolutions duly and regularly adopted by Trustees of Columbus County Hospital, Incorporated, at a meeting held May 3, 1996 and reaffirmed at the August 19, 1996 meeting, all as of the day and year first above written.

ATTESTED BY:

/s/ Ida L. Smith, Clerk
Board of Columbus County Commissioners

COLUMBUS COUNTY

/s/ Spruell R. Britt, Chairman
Board of Columbus County Commissioners

ATTESTED BY:

Secretary, Trustees
Columbus County Hospital, Inc.

COLUMBUS COUNTY HOSPITAL, INC.

/s/ Chairman, Trustees
Columbus County Hospital, Inc.

Note: Columbus County Hospital Lease properly executed by the Columbus County Board of Commissioners and the Columbus County Hospital Board of Directors, certified and notarized.

RESOLUTION - OFFICIAL INTENT FOR A GOVERNMENTAL ISSUER

REIMBURSEMENT FOR REGISTER OF DEEDS, COURTHOUSE AND COURT FACILITIES

A motion was made by Commissioner Gray, seconded by Commissioner Norris and passed unanimously to adopt the following Resolution:

RESOLUTION of OFFICIAL INTENT**RESOLUTION for a GOVERNMENTAL ISSUER****(REIMBURSEMENT)**

RESOLUTION OF THE COLUMBUS COUNTY BOARD OF COUNTY COMMISSIONERS DECLARING ITS INTENTION TO REIMBURSE ITSELF FROM THE PROCESS OF A TAX-EXEMPT FINANCING FOR CERTAIN EXPENDITURES TO BE MADE IN CONNECTION WITH THE ACQUISITION, CONSTRUCTION, AND/OR EQUIPPING OF REGISTER OF DEEDS OFFICE, COURTHOUSE AND COURT FACILITIES.

WHEREAS, Columbus County is a political subdivision organized and existing under and by virtue of the laws of the State of North Carolina; and

WHEREAS, the said County will make expenditures on or after the date hereof with respect to expenses incurred and to be incurred in connection with the acquisition, construction and/or equipping and supplying of equipment for the Register of Deeds Office, Courthouse and Court Facilities Project for Columbus County; and

WHEREAS, the Columbus County Board of Commissioners has determined that the funds advanced and to be advanced to pay expenditures are and will be available for a temporary period and it is necessary to reimburse the said County for the expenditures made on or after the date hereof with respect to the Project from the proceeds of the financing of the said Project; and

WHEREAS, as of the date hereof, there have been no funds of the Issuer or any other entity that is part of the controlled group of entities of which the Issuer is deemed a part under Treasury Regulation, Sections 1.103-18 and 1.150-1(f) (the "Controlled Group"), that are, or are reasonably expected to be, allocated on a long-term basis, reserved or otherwise available pursuant to the budgets of the Issuer or any other entity that is part of the Controlled Group to finance the Project.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Columbus County, North Carolina, as follows:

SECTION 1: The Board hereby adopts this declaration of official intent under Treasury Regulation, Section 1.103-18(c)(2)(I), or any other relevant section, and declares its intent to reimburse the Issuer with the proceeds of tax-exempt financing for expenditures.

SECTION 2: On the date of expenditures, all reimbursable cost of the Project will be of a type properly chargeable to a capital account under general federal income tax principals.

SECTION 3: The maximum principal amount of the debt expected to be issued under the Project is one million four hundred thousand and 00/100 (\$1,400,000.00) dollars.

SECTION 4: The adoption of this Resolution is consistent with the budgetary and financial circumstances of the Issuer and all other entities that are a party to the Controlled Group.

SECTION 5: This Resolution shall take effect immediately upon its passage.

SECTION 6: Beginning no later than thirty (30) days after the beginning of this Project and ending at the time of which the final financing documents have been executed, this Resolution will be reasonably and continuously available for inspection by the general public, on each business day and during normal business hours at the Columbus County Administration Office, 111 Washington Street, Whiteville, North Carolina.

PASSED and ADOPTED, this the 19th day of August, 1996.

COLUMBUS COUNTY BOARD OF COMMISSIONERS

/s/ SPRUELL R. BRITT, Chairman

ATTESTED BY:

/s/ IDA L. SMITH, Clerk to Board

ECONOMIC DEVELOPMENT - CONTRACTS AWARDED FOR THE HAWORTH PROJECT

A motion was made by Commissioner Norris, seconded by Commissioner Dutton and passed unanimously to approve contracts to provide administrative and

engineering services for the Haworth Community Development Block Grant project to expand a natural gas line to the plant and implement various water improvements to the lowest bidders as follows:

- Administration - Holland Consulting Planners, Wilmington, NC
- Engineering - Hobbs, Upchurch & Associates, Southern Pines, NC

APPOINTMENT - WHITEVILLE CITY COUNCIL

A motion was made by Commissioner Jacobs, seconded by Commissioner Wilson and passed unanimously to appoint Stancil Davis to serve on the Planning and Zoning Board for a five (5) year term, with term expiring June 30, 2001.

APPOINTMENT - LIBRARY BOARD OF DIRECTORS

Commissioner Spruell R. Britt appointed Ann Powell to serve on the Library Board of Directors to represent his District, Zone VI, for a four (4) year term, expiring June 30, 2000.

ECONOMIC DEVELOPMENT - APPROVAL OF REVENUE BONDS FOR INTERNATIONAL PAPER COMPANY

A motion was made by Commissioner Norris, seconded by Commissioner Williams and passed unanimously to approve the Columbus County Industrial Facilities and Pollution Control Financing Authority to issue revenue bonds for the benefit of International Paper Company not to exceed \$8,300,000 to acquire, construct and install certain environmental improvement facilities at the Riegelwood Mill of International Paper Company and a refunding revenue bond issue in an amount estimated not to exceed \$7,700,000 to refinance certain solid waste disposal facilities at the Riegelwood Mill originally financed in 1993 by refunding the authority's outstanding Solid Waste Disposal Revenue Bonds. Neither the Authority nor Columbus County, North Carolina, will in any way be responsible for the repayment of the 1996 Bonds and the Refunding Bonds, or the interest on the 1996 Bonds and the Refunding Bonds, and will not have any obligation for payment of any of the fees or expenses associated with the issuance of 1996 Bonds and the Refunding Bonds which will be the responsibility of International Paper Company.

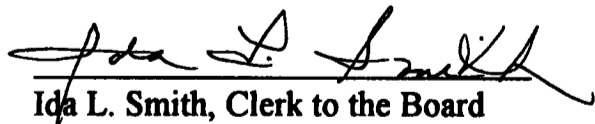
ADMINISTRATOR'S UPDATE


Dempsey B. Herring, Administrator, updated the Board on the following items:

1. **Underground tanks** - One (1) tank at the Columbus County Landfill has been extracted with no contamination to the soil.
2. **Courthouse renovations** - The wiring, heating and air conditioning has been completed. The Maintenance Department is in the process of lowering the ceiling. We will be getting bids for benches and carpet as soon as possible.
3. **Sheriff's Department** - The east wing of the old Department of Social Services is in the process of being renovated and should be ready within a month to alleviate the space problem at the Sheriff's Department.
4. **Electrical Inspections** - The electrical inspection procedures will go before the Inspections Board at their next meeting for their review and input.
5. **Solid Waste Ordinance** - We are in the process of updating the Solid Waste Ordinance and it will be presented to the Board for consideration of an amendment to the existing Ordinance.
6. **Nudist Camp** - The news of the Nudist Camp surfaced about 4:45 P.M., Friday Afternoon, that it was scheduled to open at 1:00 P.M. on Saturday. Upon checking with the Permitting Agencies, they used three names to get it open. The land was sold to Five Friends, Incorporated to be used as the Bridge-Harbour RV Park and it was advertised to open as the Nirvana Sun Club. The camp has been established on 39 acres of land on the Lester Watts Road (State Road 1129). The General Statutes does not prohibit such activities in North Carolina. The Attorney General's Office has been contacted in regards to the Camp and we are waiting for an answer. Every avenue will be explored to see what can be done.

ADJOURNMENT

A motion was made by Commissioner Norris, seconded by Commissioner Gray and passed unanimously to adjourn the meeting at 8:20 P.M.


Ida L. Smith, Clerk to the Board

APPROVED:

Spruell R. Britt, Chairman