



**VILLAGE COUNCIL
AGENDA FOR WORK SESSION OF MARCH 12, 2024
ASSEMBLY HALL**

PINEHURST, NORTH CAROLINA

1. Call to Order.
2. Discuss Possibility of Accepting Midland Country Club Roads
3. Review and Discuss Draft Regulatory and Advisory Roadway Signage Policy
4. Fund Balance Policy Discussion
5. Discussion of the Village Manager Recruitment Process
6. Adjournment.

Vision: The Village of Pinehurst is a charming, vibrant community which reflects our rich history and traditions.

Mission: Promote, enhance, and sustain the quality of life for residents, businesses, and visitors.

Values: Service, Initiative, Teamwork, and Improvement.



DISCUSS POSSIBILITY OF ACCEPTING MIDLAND COUNTRY CLUB ROADS

ADDITIONAL AGENDA DETAILS:

FROM:

Jeff Batton

CC:

Mike Apke

DATE OF MEMO:

3/5/2024

MEMO DETAILS:

The owners of Midland Country Club have approached the Village about the possibility of accepting their roads into the Village's network.

The subdivision between Midland Road and Airport Road (see attached) has approximately 1.55 miles of roads and an evaluation has been undertaken to determine steps necessary to bring the roads up to Village standards.

The question before Council for this work session is whether the Village would accept the roads if Midland Country Club and its HOA were to bring the roads up to Village standards at their expense.

The Club and HOA have not decided to bring the roads up to standard at this point, but they would like to know if they invest the estimated \$310,000 to do so, would the Village accept a dedication of the roads.

Thanks.

ATTACHMENTS:

Description

□ Map of Location





**REVIEW AND DISCUSS DRAFT REGULATORY AND ADVISORY ROADWAY
SIGNAGE POLICY
ADDITIONAL AGENDA DETAILS:**

FROM:

Mike Apke, P.E., Public Services and Engineering Director

DATE OF MEMO:

3/7/2024

MEMO DETAILS:

Village staff has seen a recent uptick in requests from residents to add various types of regulatory signage (stop signs, speed limit signs, deer crossing signs, etc.) within our right-of-ways. We normally follow the US Department of Transportation's Manual on Uniform Traffic Control Devices (MUTCD) for guidance; however, certain cases exist where the Manual does not provide specific guidance.

Approximately twelve (12) years ago, Council directed staff to review and reduce sign clutter around the Village for both aesthetic reasons and to avoid diminishing the effectiveness of all signs. This directive resulted in the removal of numerous "non-essential" signs by staff, in addition to installing "Speed Limit - Entire Subdivision" signs at the entrances to most neighborhoods.

With the uptick in requests, staff has developed a draft policy for consideration by Council, and would like to confirm that directives from the prior Council remains valid.

ATTACHMENTS:

Description

□ Draft Signage Policy



VILLAGE OF PINEHURST
STANDARD PROCEDURE

SUBJECT: Regulatory and Advisory Roadway Signage	Effective Date:
Department: Public Services	Policy No.:
Prepared by: Mike Apke	Revised:
Approved by: Village Council	# of Pages: 3

PURPOSE: To establish a policy and procedure for the placement of regulatory and advisory roadway signage, reduce visual clutter and improve safety by eliminating unnecessary signs in the Village of Pinehurst.

POLICY:

To achieve the stated purpose, all roadway signage shall conform to the following guidelines:

- All traffic signs placed on the Village's street system shall conform to the appearance criteria of the Manual on Uniform Traffic Control Devices (MUTCD);
- Signs are generally to be kept to a minimum and are only to be used where they convey essential information;
- When a new sign is warranted, the least number of signs shall be used and, to the extent possible, located on an existing pole(s);
- The following signs will be posted at the entrance of each subdivision (where an identifiable entrance exists) or in other prominent locations and are deemed sufficiently informative for the entire subdivision. At the Village Manager's (or designee's) discretion, additional signage may be placed in larger subdivisions on collector roads, but should not be closer than 2,500 feet from another sign of similar type on the same road;
 - Speed Limit, Entire Subdivision
 - No Parking in Right-of-Way, 11PM to 7AM

- The following regulatory signs will be placed in appropriate locations based on traffic or topographical needs. These signs are not necessarily limited in number but are contingent on the needs of the specific location.
 - Stop Sign
 - Pedestrian Crossing
 - All Way Stop
 - Dead End
 - Do Not Enter
 - One Way
 - Yield
 - No Parking
 - No Parking Between Signs
 - No Outlet
 - No Through Traffic/Trucks
 - No U Turn
 - Golf Cart Crossing
 - School Crossing
 - School Zone
 - Roundabout

- The following advisory signs will be limited in their use. Placement of these advisory signs will be at the discretion of the Village Manager or designee.
 - Deer Crossing
 - Stop Sign Ahead
 - Pedestrian Crossing Ahead
 - Blind Driveway/Intersection
 - Bump
 - Caution Watch for Turning and Entering Vehicles
 - Curve Left/Right
 - Do Not Block Intersection
 - Fire Station
 - Island Ahead
 - Keep Right

- Areas with active Community Watch programs may coordinate with the Village Police Department to install “Community Watch” signs within their neighborhood. Sign locations shall be as approved by the Village Manager and Police Chief.

- The Village generally does not install “Children at Play” signs because numerous studies show that they are ineffective, create a false sense of security, and do not normally reduce the speed of traffic or make drivers more observant.

UPDATING POLICY: This policy shall be reviewed as Village Council deems necessary.

Approved by:

Jeff Sanborn, Village Manager

Date

Resolution # _____
Village Council, Resolution

Date



FUND BALANCE POLICY DISCUSSION ADDITIONAL AGENDA DETAILS:

FROM:

Dana Van Nostrand

CC:

Village Managers

DATE OF MEMO:

3/6/2024

MEMO DETAILS:

Please see the attached presentation with an overview of the purpose of fund balance, the Village's fund balance policy, comparison with peers, and analysis of the Village's fund balance needs.

I also attached a memo from the Local Government Commission (LGC) that addresses some of the "myths" regarding fund balance requirements. This gives some context in terms of what the LGC looks at when monitoring municipalities' finances.

ATTACHMENTS:

Description

- ☐ Fund Balance Discussion
- ☐ LGC Fund Balance Memo



Fund Balance Discussion

Council Work Session

March 12, 2024

Purposes of Fund Balance

“Governments should maintain a prudent level of financial resources to **protect against reducing service levels or raising taxes** and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.”

Recommended Practice 4.1 of the National Advisory Council on State and Local Budgeting (emphasis added)

Purposes of Fund Balance (continued)

- Provide cash flow when current revenues may not be available to fund current expenditures
 - Majority of property tax collections are received in August-February. We draw from cash to fund expenditures the remainder of the year.
 - Need sufficient cash reserves to avoid short-term borrowing
- Provide a “rainy day” fund for uncertainties
 - Extreme weather events, such as hurricanes, flooding, high winds, or winter storms, can require immediate funding for clean up and damage repairs. Not all expenditures will qualify for reimbursement (insurance, FEMA) and reimbursement can take over a year.
 - Economic downturns can cause economically-sensitive revenues, such as sales taxes and investment income, to drop quickly. Property tax collection rates and revenues from permits, fees, sales and services could also be impacted depending on the severity and duration of the recession.

Purposes of Fund Balance (continued)

- Provide funds for strategic opportunities
 - Property purchases
 - Taking advantage of a significant discount on a large purchase when it wasn't planned in the budget
 - Opportunity to advance projects that were not planned to occur that year if it is beneficial to do it sooner
- Save money for future capital expenditures
 - We plan capital in the five-year CIP to identify years with higher capital needs and plan accordingly
 - Use fund balance to cover higher capital years so tax rates are not affected
 - Build fund balance for significant capital investments, such as new buildings

Factors to Consider in Establishing a Fund Balance Policy

A Fund Balance Policy is a recommended best practice by the Government Finance Officers Association (GFOA)

The NC Local Government Commission (LGC) monitors fund balance level trends and fund balance KPIs compared to peers as part of its overall financial monitoring of governments

Need to consider our individual government's situation and how that impacts our fund balance needs (resort communities, concentration of tax revenues in a few large taxpayers, size of government, vulnerability to natural disasters, reliance on state or federal funding, etc.)

Having a sound fund balance policy that is adhered to positively impacts bond ratings

Village's Fund Balance Policy History

Resolution #	Adopted	Changes from Prior Version
03-4	3/11/2003	Original policy. Allowed available fund balance in excess of 30% of prior year expenditures to be used for the creation and funding of a Capital Reserve Fund.
05-11	5/10/2005	Changed the threshold for available fund balance to be transferred to the Capital Reserve Fund from 30% of prior year expenditures to 33% of next year's budgeted expenditures
		Added the policy for budgeted ending fund balance to be 27-33% of budgeted expenditures
10-19	5/25/2010	Removed the policy regarding transfers to the Capital Reserve Fund
		Changed the target range for budgeted ending fund balance to 30-40% of budgeted expenditures
12-62	11/13/2012	Added Section 2 policy which directs management to maintain unassigned general fund fund balance as reported in the ACFR of greater than 15% of actual expenditures per the ACFR
		Added Section 3 policy which directs management to manage the budget so that revenue shortfalls and expenditure increases do not impact the targeted fund balance levels. If an economic event occurs that requires deviation from total budgeted revenues or expenditures of 5% or more, Village Council can reduce the targeted fund balance levels and adopt a plan of action to return the fund balance to the required levels.
21-03	2/9/2021	Changed the threshold for budgeted fund balance in Section 1 from 30-40% to a minimum of 30%
		Added policy allowing the commitment of fund balance in excess of 40% of general fund expenditures in the ACFR for future capital
23-07	3/14/2023	Changed language to reference the Annual Comprehensive Financial Report (ACFR). No substantive changes to the policy.

Village's Fund Balance Policy

Village's Fund Balance Policy has three parts:

Part 1 Measured at the <u>beginning</u> of the year	Parts 2 & 3 Measured at the <u>end</u> of the year
When preparing the annual General Fund (GF) budget, the amount of appropriated fund balance should result in an anticipated ending <u>total</u> fund balance at a minimum of 30% of <u>budgeted</u> expenditures	<u>Unassigned</u> fund balance must be greater than 15% of <u>actual</u> GF expenditures as reported in the ACFR - When total fund balance in the ACFR exceeds 40% of <u>actual</u> GF expenditures, Council may commit excess fund balance for future capital needs. In no instance shall this commitment cause unassigned fund balance to drop below 15% (Part 2)

Fund Balance Definitions

Key Definitions:

Unassigned Fund Balance Calculated per GASB and reported in ACFR	Available Fund Balance Calculated per NCGS 159-8 and reported to LGC
<u>Total fund balance</u> less — Nonspendable FB (inventory, prepaid expenses) — Restricted FB (Stabilization by state statute, externally restricted funds such as grants or donor funds) — FB Committed by governing body resolution (committed for capital, library and archives) — FB Assigned in budget appropriation (typically fund balance appropriation in next year's budget)	<u>Unrestricted cash and investments</u> less — Liabilities — Open encumbrances/commitments carried forward to next fiscal year (reported in note 13 of the ACFR) — Deferred revenues (cash received but revenue not earned) — Nonspendable FB (inventory, prepaid expenses) — Restricted FB (externally restricted funds such as grants or donor funds)
= Unassigned fund balance	= Fund balance available for appropriation



Fund Balance Definitions (continued)

The use of different measures of fund balance as the base for fund balance policies makes it difficult to compare between governments

Unassigned Fund Balance Calculated per GASB and reported in ACFR	Available Fund Balance Calculated per NCGS 159-8 and reported to LGC
• Smallest of the three common measures/bases for fund balance policy (unassigned, available, or total) • Represents <u>spendable fund balance</u> that has not been restricted or “earmarked” (i.e. committed or assigned by Council) in some way • Can be used for any purpose • Village’s policy step 3 to commit excess fund balance for future capital makes this measure particularly low compared to peers (Southern Pines, Davidson, and Cornelius)	• Middle of the three common measures/bases for fund balance policy • Represents <u>cash</u> available to be appropriated/spent because it is not already needed to pay a current liability or contractual obligation (open PO) • Can be used for any purpose, including committing or assigning for a particular purpose by Council or appropriating to balance next year’s budget • Available fund balance as a % of total fund balance has averaged 85% over the last 10 years among the Village and its peers (range of 80% - 89%)



Fund Balance Definitions (continued)

June 30, 2023 Fund Balances:

	General Fund
Fund balances:	
Nonspendable:	
Inventory	52,537
Prepaid items	98,579
Leases	1,722
Restricted:	
Stabilization by state statute	3,067,395
Public safety	19,469
Committed:	
Library and archives	544,777
Future capital	10,572,049
Assigned:	
Subsequent year's expenditures	600,100
Unassigned	5,405,436
Total fund balances	20,362,064

Committed for Future Capital + Unassigned = \$15,977,485

June 30, 2023 Available Fund Balance:

Reserved by State Statute Calculation (General Fund)	June 30, 2023
Cash and Investments	\$ 19,129,944
- Liabilities	(1,421,873)
- Encumbrances/Commitments	(583,987)
= Fund Balance Available for Appropriation	17,124,084
Total Fund Balance	20,362,064
- Available Fund Balance	(17,124,084)
= Total Fund Balance Reserves	3,237,980
Total Fund Balance Reserves	3,237,980
- Other Reserves (Equitable Sharing)	(19,469)
- Other Reserves (Prepaid expenses)	(98,579)
- Other Reserves (Inventory)	(52,537)
= Fund Balance Reserved by State Statute	\$ 3,067,395



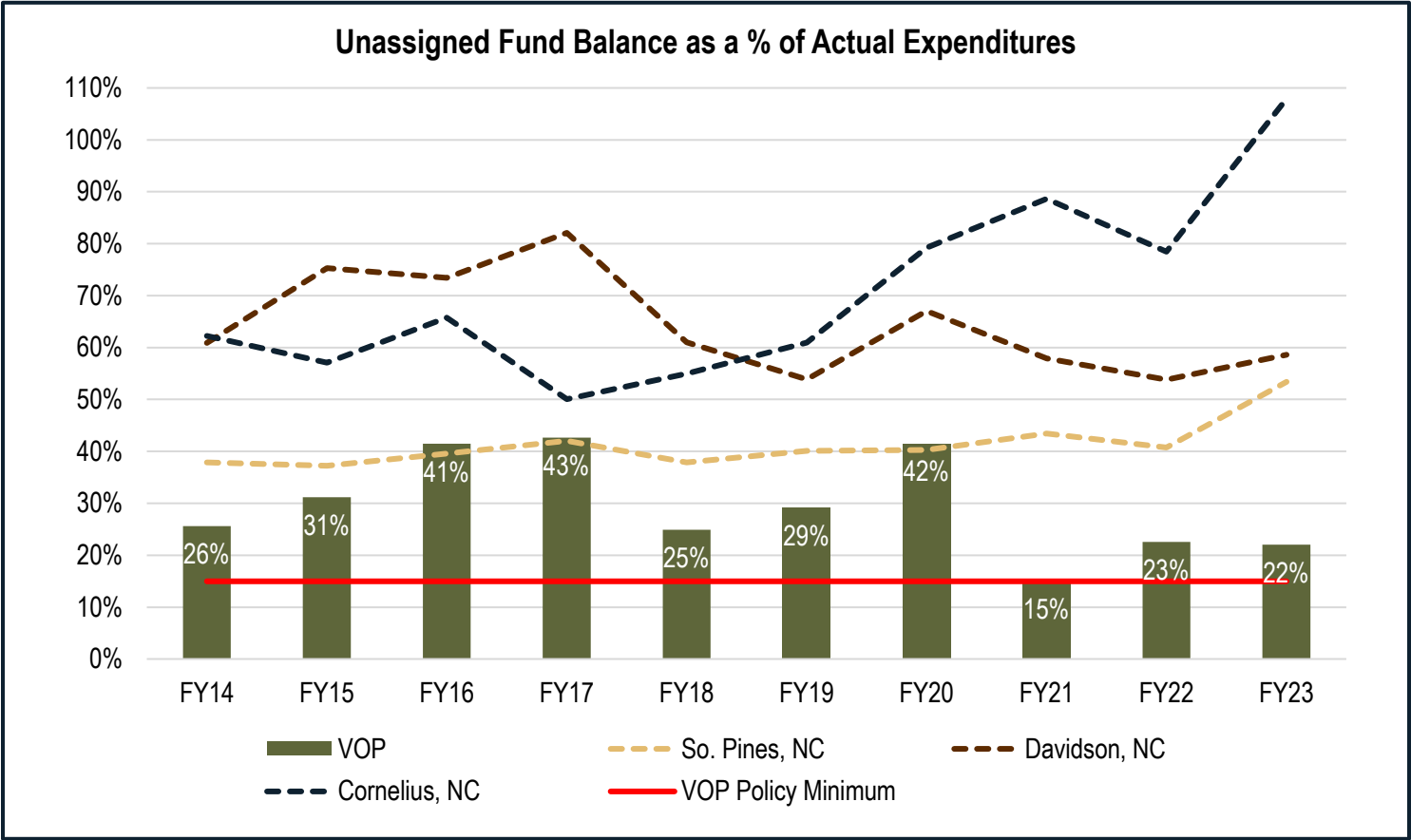
Fund Balance Policy Minimums

Policy	VOP	Southern Pines	Davidson	Cornelius
Total FB as a % of budgeted expenditures	30%	N/A	N/A	N/A
Unassigned FB as a % of actual expenditures	15%	25%	35%	N/A
Available FB as a % of budgeted expenditures	N/A	25%	34.7%*	40%
Transfer excess FB for capital over _% of actual expenditures	40%	N/A	N/A	N/A
Budgeted expenditures (original budget)	\$26,851	\$26,716	\$19,138	\$35,762
Actual expenditures	24,497	21,904	17,616	29,445
<i>FY 2023 Minimum \$ Amounts (in thousands):</i>				
Total Fund Balance	\$8,130	N/A	N/A	N/A
Unassigned Fund Balance	3,671	\$5,476	\$6,166	N/A
Available Fund Balance	N/A	6,043	5,547	\$13,992
Transfer excess fund balance for capital over	9,790	N/A	N/A	N/A
Range of calculated minimums	4,458	567	618	N/A

* Davidson policy minimum is half of the LGC Population Group Average Available FB % (34.7% as of 6/30/2023 for population group 10,000-49,999)



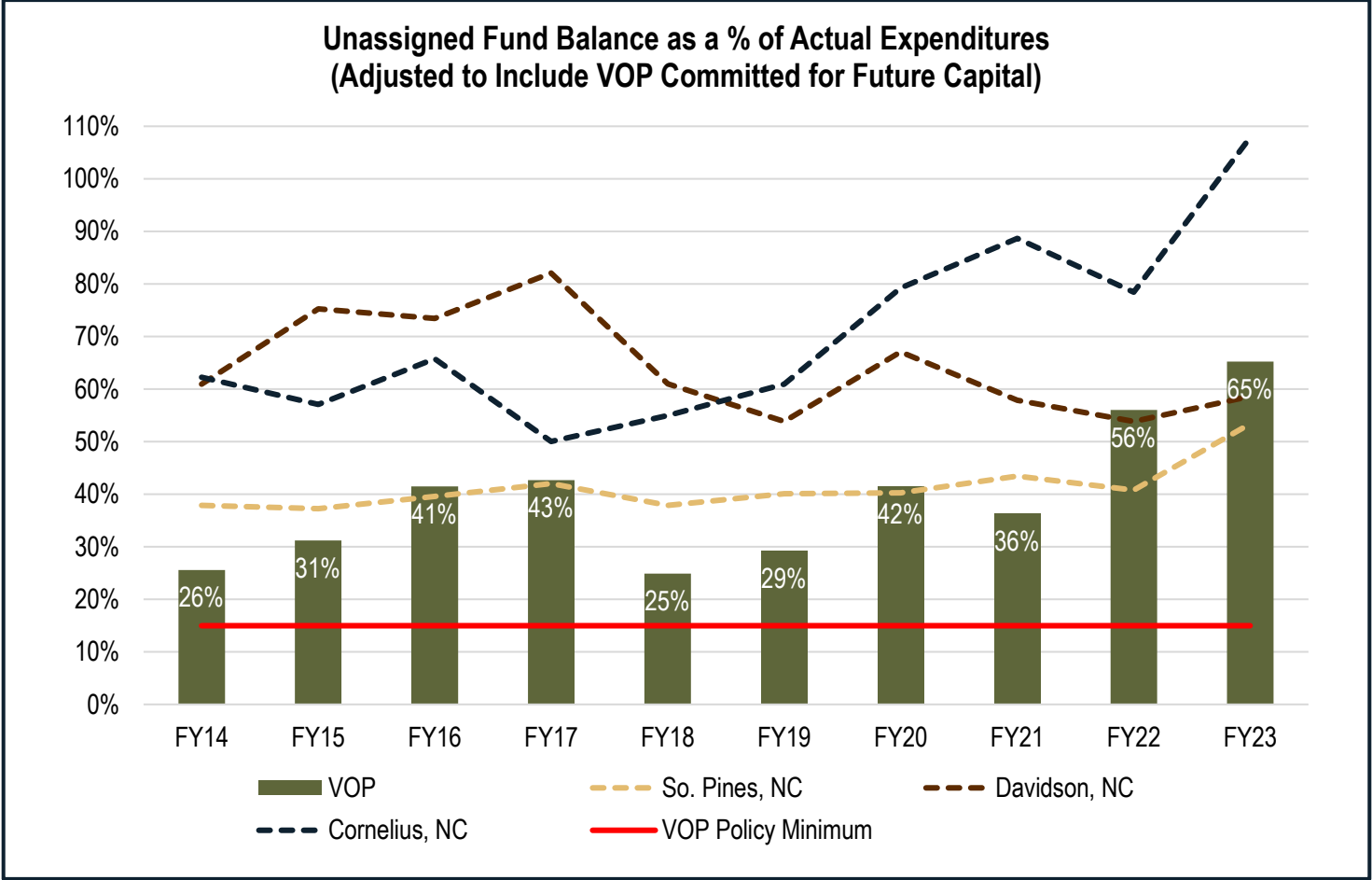
Fund Balance Policy Comparison



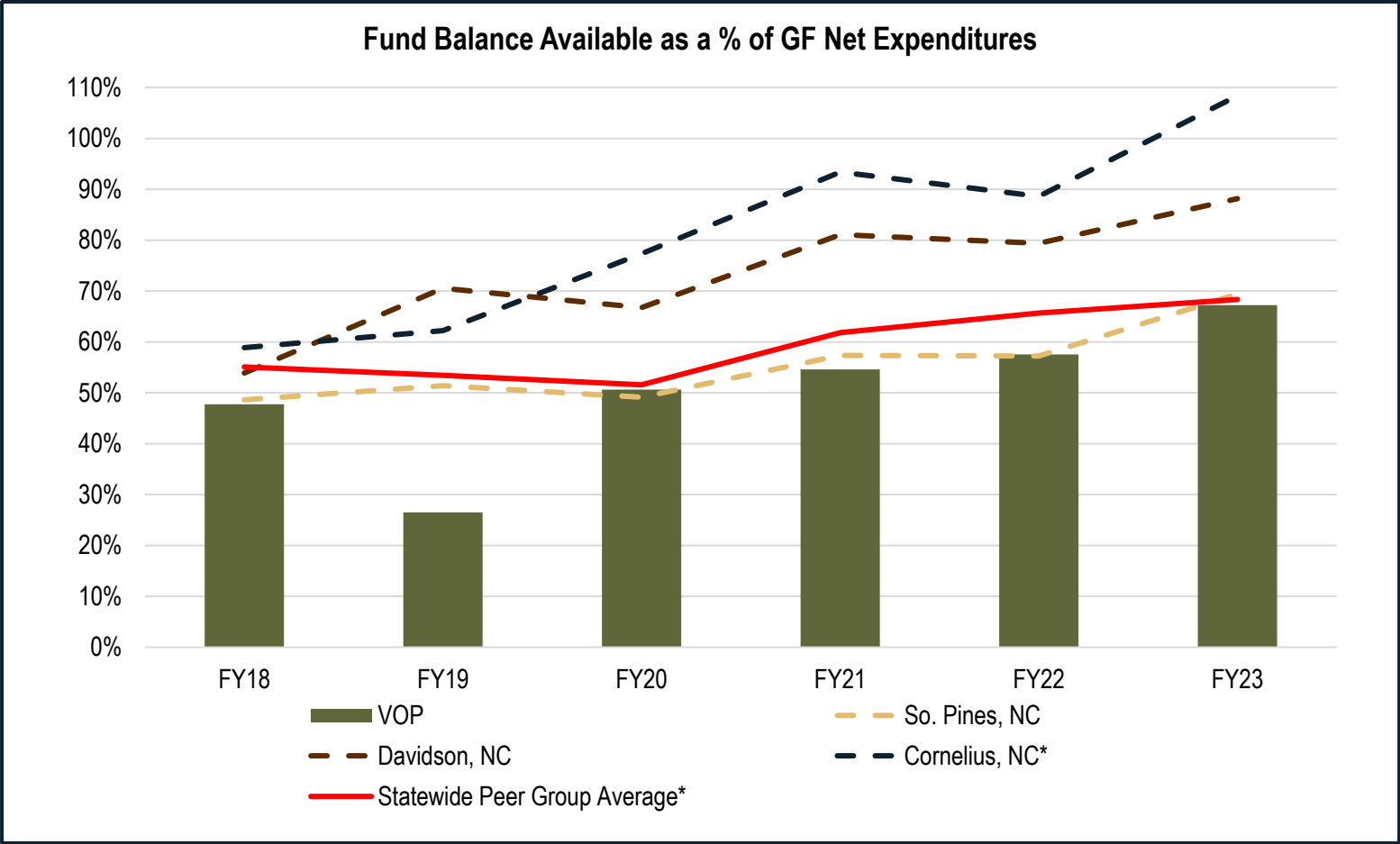
Note: VOP % decreases significantly in FY21 when Part 3 of the Fund Balance Policy was adopted to commit excess fund balance over 40% for future capital



Fund Balance Policy Comparison (continued)



Fund Balance Policy Comparison (continued)



- LGC statewide peer group average is for municipalities without electrical systems with a population of 10,000-49,999
- 46 municipalities in peer group with an average population of 23,000
- LGC statewide peer group average expenditures were \$24.2M in FY23. VOP FY23 expenditures were \$24.5M.
- VOP % trends consistently with Southern Pines, but is lower than the LGC peer group, Davidson, and Cornelius

* Cornelius, NC has an electrical system so it is not in the same statewide peer group as VOP in the SLG data.

Risk-Based Reserves Approach

- In November 2019, finance staff evaluated fund balance needs using a risk-based approach with the assistance of the North Carolina Capital Management Trust
- Calculated the need for \$4.7 million in budget uncertainty reserves (approximately 3 months of operating expenditures) and \$1.7 million in emergency reserves
- Total reserves calculated = \$6.4 million, or 32% of budgeted expenditures
- This analysis justified the 30% of budgeted expenditures policy minimum
- Government Finance Officers Association (GFOA) has many resources available on this topic: [Risk Analysis \(gfoa.org\)](https://www.gfoa.org/risk-analysis)



Fund Balance Best Practices

Pinehurst	Alternative Risk-Based Reserve Calculation
Budget Uncertainty Reserves	\$2.4 million for sales tax economic uncertainty
	+ \$800k for economic declines in other revenues
	+ \$1 million for major taxpayer default
	+ \$500k for project/contract payment uncertainty
	= \$4.7 million or about 23% of general fund expenditures
Emergency Reserves	\$300k for infrastructure failures
	+ \$1 million for natural disaster outlays
	+ \$400k for legal settlements
	= \$1.7 million or about 9% of general fund expenditures
Summary	Budget Uncertainty Reserves of 23%, plus Emergency Reserves of 9% = 32% Risk-Based Reserve target

Government Finance Review – *Implementing a Risk-Based Reserve Strategy in Colorado Springs*; June 2015; Used by permission of Governing. Visit the all new Governing.com beginning in January 2019 as we turn to address the future of states and localities.



Risk-Based Reserves Approach (continued)

- Updated the risk-based reserves approach to current estimates of the probability and impact of unexpected costs over a five-year period
- Calculated the aggregate need to have 90% confidence we could cover the risks
- Approximately \$572K needed in reserves for one-time cost of emergencies/risks over a five-year period

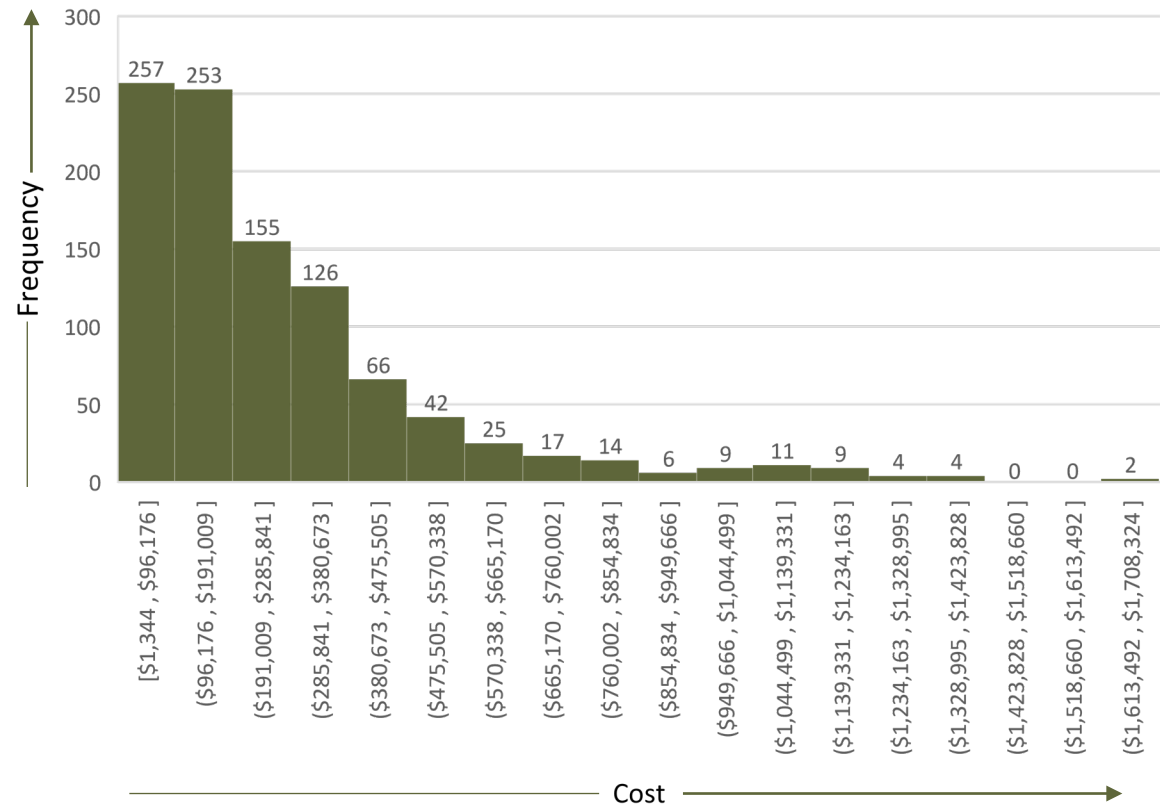
Confidence Level 90.0%					
Risk	Min	Most Likely	Max	Scenario Cost	Reserve for Confidence Level
Extreme Weather Events	\$ -	\$ 25,000	\$ 1,000,000	\$ -	\$ 25,000
Legal Claims	-	-	1,000,000	50,000	300,000
Infrastructure Failure/Building Fire	-	0	1,000,000	159,950	368,727
Total	\$ -	\$ 25,000	\$ 3,000,000	\$ 209,950	\$ 693,727
~93% confidence					
Reserve for 90.0% confidence level in the aggregate					\$ 572,307
Difference					\$ 121,420

Sum of the individual risks at 90% confidence is more than the aggregate because it is unlikely all of them will happen within a short time period. Results in ~93% confidence.



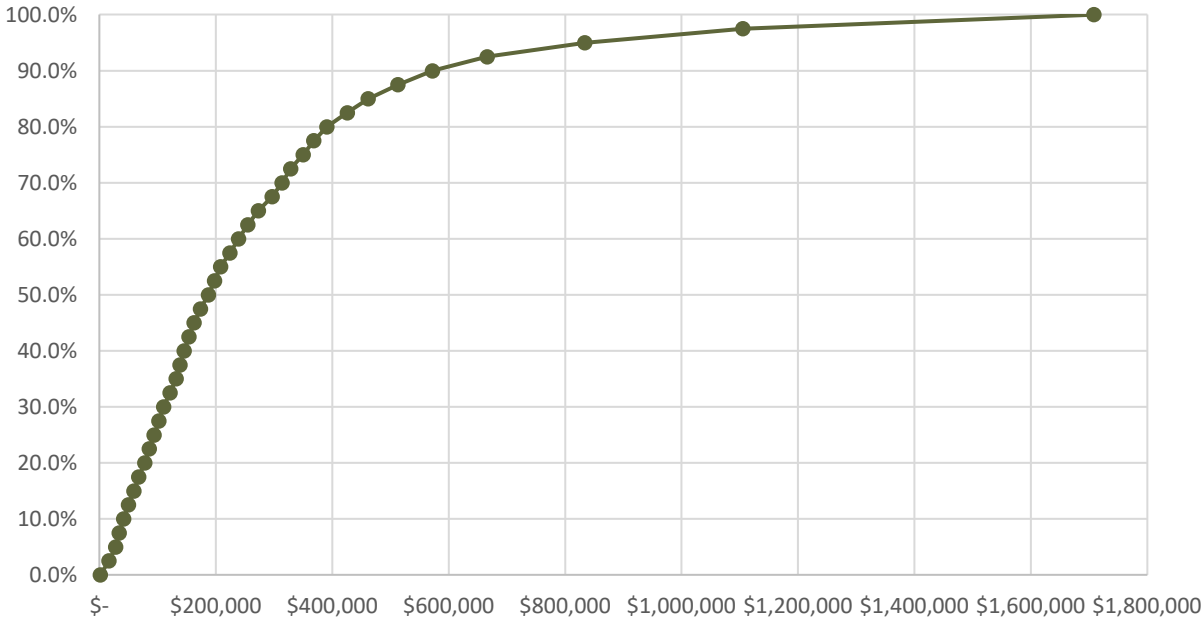
Risk-Based Reserves Approach (continued)

Distribution of Aggregate (1000 Iterations)



- There is a point of diminishing returns with reserves
- Analysis shows the curve flattens considerably above 90% confidence

Cumulative Probability of Covering Aggregate Costs



Fund Balance Reserves Components

- The \$6.4 million calculated reserves total from November 2019 (FY 2020) is \$700K more than the total minimum calculated using the approach below and the % of expenditures align with our 30% policy
- As the budget has grown since FY 2020, approximately \$7.6 million would be prudent now which equates to 28% of budgeted expenditures

	Component	FY 2024 Budget	FY 2023 Actuals	FY 2022 Actuals	FY 2021 Actuals	FY 2020 Actuals
Covers unexpected loss of revenues from recession, major taxpayer default, etc.	Cash flow reserve (3 months operating expenditures)	\$ 6,012,000	\$ 5,089,000	\$ 4,577,000	\$ 4,341,000	\$ 4,162,000
From risk-based reserves analysis	Emergencies/risks	572,000	572,000	572,000	572,000	572,000
	Opportunities	500,000	500,000	500,000	500,000	500,000
Funding flexibility for opportunities that arise that were not planned in the budget	Future capital	500,000	500,000	500,000	500,000	500,000
	Calculated minimum	7,584,000	6,661,000	6,149,000	5,913,000	5,734,000
	Actual Expenditures	26,422,476	24,475,038	20,743,506	19,276,496	17,590,227
Funding flexibility for years with higher capital needs to provide stability and consistency in tax rates	Budgeted Expenditures	26,851,400	27,099,100	23,437,230	21,261,917	21,578,347
	Minimum as a % of Actual Expenditures	29%	27%	30%	31%	33%
	Minimum as a % of Budgeted Expenditures	28%	25%	26%	28%	27%
	FY 2024 Actual estimated including projected budget-to-actual variance					

Observations

- We are the only ones using Total FB as a measure in policy. This is the largest measure and simplest to work with, but it doesn't account for amounts unavailable for expenditure.
- Our policy leads to a very wide range of minimum FB requirements (\$3.6 - \$8.1M)
- Peer policies result in similar FB minimums within each municipality's policy
- Our 15% minimum is much lower than our peers, but we are aligned when fund balance committed for future capital is considered (it is a discretionary commitment of unassigned fund balance)
- Different approaches are yielding similar results and confirming the 30% policy
- Our 30% could be reduced to 25% if we are comfortable reducing some of the components (25% of FY 2024 budget is \$6.7 million)



NORTH CAROLINA

DEPARTMENT OF STATE TREASURER

DALE R. FOLWELL, CPA
STATE TREASURER



JULY 11, 2022

The Myth of 8% (LGC Staff Guidance on Fund Balance Available)

LGC staff often receives questions regarding the amount of fund balance available that LGC staff recommends local governments to maintain. Through the years, different misunderstandings have arisen, including that there is an 8% requirement for fund balance available. In this blog post, we attempt to debunk the “Myth of 8%,” and address other questions and misconceptions about fund balance available. If you have any questions, please contact SLGFD@nctreasurer.com (<mailto:SLGFD@nctreasurer.com>).

Myth: The “state” requires that local governments have 8% fund balance available in the general fund, meaning they must have a fund balance available equal to an amount that is at least 8% of expenditures.

Fact: There is no statute that requires an 8% (or any specific level) of fund balance available.

North Carolina General Statute [159-8\(a\)](#).

(https://ncleg.gov/EnactedLegislation/Statutes/PDF/BySection/Chapter_159/GS_159-8.pdf).

defines and limits the maximum amount of fund balance that may be appropriated in an annually budgeted fund, but there is no statutory minimum requirement for fund balance available.

Myth: The “LGC” requires that local governments have 8% fund balance available.

Fact: There is no LGC policy that requires an 8% fund balance available. “Management of Cash and Taxes and Fund Balance Available,” memoranda are published by LGC staff annually for both counties and municipalities which list the fund balance available for all such units, with units grouped by those with and without electric systems, and further by peer groups. These memos can be accessed at the State and Local Government Finance Division Memos [webpage](https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/memo-document?field_document_entity_terms_target_id=All&field_document_entity_terms_target_id_1=All&co) (https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/memo-document?field_document_entity_terms_target_id=All&field_document_entity_terms_target_id_1=All&co) by searching on “[fund balance](https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/memo-document?field_document_entity_terms_target_id=All&field_document_entity_terms_target_id_1=All&co)” (https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/memo-document?field_document_entity_terms_target_id=All&field_document_entity_terms_target_id_1=All&co) in the search box. The memos provide local governments with the opportunity to compare their fund balance available to similar counties/municipalities and evaluate the adequacy of their unit's current reserves. Local governments are encouraged to determine an adequate fund balance available for their specific unit and circumstances using the memos and other tools as a guide.

LGC staff recommends that local governments develop a fund balance policy to maintain a fund balance that is consistent with their peers that provide similar services. The policy should be brief and simple to understand. Governing boards should task their budget officer with developing operating budgets that maintain the fund balance in accordance with the policy. The finance officer should be charged with managing the unit’s finances in compliance with the policy. The policy should include language for planned corrective actions should the unit’s fund balance drop below the intended level at the end of a fiscal year. Developing and maintaining a well-considered General Fund policy can provide stability to the unit that will serve the citizens well. LGC staff have developed a sample fund balance policy that units can

use as a starting point for developing their policy; see our [Information for Governing Bodies](https://www.nctreasurer.com/divisions/state-and-local-government-finance/lgc/information-governing-bodies) (<https://www.nctreasurer.com/divisions/state-and-local-government-finance/lgc/information-governing-bodies>) webpage for details.

LGC staff does consider fund balance available in the development of its annual Unit Assistance List. If a unit has a fund balance available that is significantly below that of its peers and/or is trending lower over time, the unit may be considered for inclusion on the Unit Assistance List.

Myth: As long as my local government has 8% fund balance available, we are fiscally sound.

Fact: Fund balance available is just one of many factors that can be used to determine a unit's fiscal health. There are few units that can operate in a fiscally sound manner with only 8% fund balance available.

An 8% fund balance available represents approximately one month of expenditures and likely does not represent sufficient reserves to provide cash flow during periods of declining revenues, or to be used for emergencies and unforeseen expenditures. Additionally, other factors such as the quick ratio of enterprise funds, statutory compliance, tax collection rates, and trends in property valuations are factors that contribute to a unit's fiscal health. Finally, fund balance available is not used as a measure of fiscal health for local governments that do not have the ability to levy taxes.

Those local governments that levy property taxes must be aware that the tax collections process is very cyclical in nature. Real property taxes are billed in July after the budget is adopted for the new fiscal year, but most are not paid until the November through early January timeframe. Real property tax collections are levied and collected based on the statutory guidance provided in North Carolina General Statutes [Chapter 105](https://ncleg.gov/EnactedLegislation/Statutes/PDF/ByChapter/Chapter_105.pdf) (https://ncleg.gov/EnactedLegislation/Statutes/PDF/ByChapter/Chapter_105.pdf). With tax collections substantially complete as of January 6 each year, the unit will not have significant real property tax collections available until the next fall. These significant cash resources are

intended to last the unit through the summer and into the fall. Although a unit will have monthly revenues, such as sales taxes, motor vehicle property taxes, or utility collections that come in monthly, the large real property taxes are cyclical in nature. A unit that is at 8% of fund balance available as of June 30, may very well find themselves struggling with cash flows in the late summer or early fall before the next year's property tax collections are due.

Myth: If my local government received a Financial Performance Indicator of Concern (FPIC) related to fund balance, that means we did not meet the minimum requirement for Fund Balance Available.

Fact: The financial performance indicator for fund balance available does not set a minimum requirement for fund balance available.

This indicator is used to identify units whose fund balance available falls below other units with similar General Fund expenditures. An FPIC in fund balance available doesn't necessarily indicate financial or fiscal management weaknesses but is used to provide the local government and the staff of the LGC with a means of identifying *potential* issues or concerns in the general fund. If the government habitually uses fund balance to balance the General Fund operating budget over several years, then this FPIC may indicate that the local government is facing fiscal issues. Fund balance should not be used to finance recurring operating expenditures, such as salaries and benefits or utilities.

Summary

There is no minimum level of fund balance available required by statute.

The Financial Performance Indicator of Concern related to Fund Balance Available does not create a "state" or "LGC" minimum for fund balance available but allows units and LGC staff to compare and analyze units' fund balance available as a potential indicator of fiscal health and prudent fiscal management.

Fund balance available is one of several factors used by the staff of the LGC to assess tax levying units' fiscal health.

Sufficient fund balance available is essential to strong fiscal health and viability.

Local governing boards should develop a fund balance policy that requires they maintain a fund balance that is consistent with that of their peers. The policy should include corrective action should the fund balance fall below the intended targets.

Comparisons to peer group averages published in LGC staff [memos](#)

([https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/memo-document?](https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/memo-document?field_document_entity_terms_target_id=All&field_document_entity_terms_target_id_1=All&co)

[field_document_entity_terms_target_id=All&field_document_entity_terms_target_id_1=All&co](https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/memo-document?field_document_entity_terms_target_id=All&field_document_entity_terms_target_id_1=All&co)
are helpful in assessing if units have sufficient reserves.



DISCUSSION OF THE VILLAGE MANAGER RECRUITMENT PROCESS ADDITIONAL AGENDA DETAILS:

FROM:

Angela Kantor

CC:

Jeff Sanborn

DATE OF MEMO:

3/6/2024

MEMO DETAILS:

Jeff Sanborn will be leaving his position on October 25, 2024, which will give us approximately eight months to recruit for the Village Manager role. Based on conversations with the NC League of Municipalities and my experience, we need to start the process now in order to ensure we have a replacement ready to lead once Jeff leaves.

We went through this process approximately 10 years ago and council decided we would handle the process in-house. Here is the process we used:

- Determined the candidate profile. We used an outside consultant to facilitate this part of the process.
- Posted the vacancy.
- Reviewed applications. The outgoing Manager and HR Director reviewed all applications and narrowed the candidate field.
- Requested a supplemental questionnaire from the remaining candidates.
- Council then reviewed those responses and candidates were selected to interview.
- Council interviewed three candidates.
- Council selected the candidate to hire.
- Offer extended. Start date determined.

I recommend inviting a representative from the NC League of Municipalities to discuss details and requirements about this process as well as answer any additional questions you may have. They do not perform recruitment services but can and will assist with the process as needed.

ATTACHMENTS:

Description

- ❑ Village Manager Recruitment Brochure 2014
- ❑ Position Description-Village Manager 9.2021
- ❑ Organization Chart 2.2024
- ❑ Learning and Development Process 2024
- ❑ Village Manager's Employment Agreement 2022



HISTORY, CHARM, AND SOUTHERN HOSPITALITY

Seeking Qualified Candidates for the Position of
VILLAGE MANAGER

395 Magnolia Road ▪ Pinehurst, NC 28374 ▪ Telephone (910) 295-1900 ▪ Fax (910) 295-4434 ▪ www.vopnc.org





MISSION:

The Village of Pinehurst is a charming, vibrant community which reflects our rich history and traditions, enhanced by a unique combination of cultural arts and recreational activities.

VISION:

To preserve and enhance the community's character and ambience by guiding growth, managing change, and providing services in a financially responsible manner.

VALUES:

Competent, Courteous, Professional, Responsive



Quality of Life in the Village of Pinehurst

The Village of Pinehurst is a special place. This New England-style village is filled with southern charm and rich history. It all began in 1895 with the vision of a man named James W. Tufts. A resident of the Boston area, Tufts had earned a considerable fortune as head of various enterprises, most notably the American Soda Fountain Company. In 1895, he made an arrangement to purchase land to create a health resort in the Sandhills and chose Frederick Law Olmsted, the designer of Central Park, to make his vision come to life. Olmsted's plan was eventually carried out by his employee Warren Manning, a visionary horticulturist, who ordered a staggering number of plants, flowers, shrubs and trees to transform the area. In 1900, Tufts hired Donald J. Ross, a young Scottish golf professional, to direct golf operations at Pinehurst. Ross remained with Pinehurst until his death in 1948.

Although established in 1895, the Village of Pinehurst, located in the Sandhills of Moore County, North Carolina, did not become a municipality until 1980. In 1996, The Village of Pinehurst and Pinehurst Resort had the distinct pleasure of being given National Landmark status for the historical and significant role in U.S. golf history. The Village spans approximately 14 square miles. From 2000 to 2010, the US Census Bureau indicated the population grew from 9,706 to 13,124, an increase of 35% in a ten-year period. The Village continues to grow with a current population now exceeding 15,000 residents.



Pinehurst offers unparalleled accommodations and a unique combination of cultural, recreational, dining and shopping experiences. Its professional services and medical facilities are among the best in the world. Known for golf, tennis and equestrian activities, residents and guests also enjoy other sports such as cycling, swimming, croquet and lawn bowling.

The Village of Pinehurst attracts a growing and diverse population from young families to retired executives all looking for this unique quality of life. Pinehurst, neighboring municipalities, and Moore County have created close partnerships, working on initiatives to further the prosperity of the local communities for future generations.

Throughout the years, the Village of Pinehurst has received significant awards and honors. Pinehurst was recently named the #1 Safest City in North Carolina according to SafeWise and was selected the top retirement destination by Where to Retire Magazine. In January 2014, the Government Finance Officers Association of the United States and Canada awarded the Village of Pinehurst the GFOA Distinguished Budget Presentation Award for the seventh consecutive year. The 2014 State Treasurer's Governmental Award for Excellence in Accounting and Financial Management was awarded to Pinehurst for the implementation of the strategic planning model and balanced scorecard; and for the 20th year in a row, Pinehurst has received the Certificate for Excellence in Financial Reporting from the Government Finance Officers Association for its preparation of the annual Comprehensive Annual Financial Report (CAFR).

VILLAGE COUNCIL'S FY 2015 STRATEGIC FOCUS AREAS:

- ◆ Preserve the Character and Ambience of the Village
- ◆ Promote Economic Opportunity
- ◆ Provide and Promote Safe Traffic & Pedestrian Mobility
- ◆ Provide a Variety of Recreational & Culture Opportunities



Our Organization Overview

The Village of Pinehurst operates under the Council-Manager form of government which is prevalent in North Carolina. The Council consists of the Mayor and four Village Council members. Members serve four-year staggered terms.

The Pinehurst Village Manager is appointed by, reports to and serves at the pleasure of the Village Council, in accordance with the Council-Manager form of municipal government (N.C.G.S. 160A-148). The current Village Manager recently announced his retirement, effective November 30, 2014. He served in the position with distinction for 26 years and worked successfully with Mayors, Council Members and other leaders to achieve significant community enhancements.

The Village has a strategic operating budget of \$17.7 million and 132 employees (Full Time Equivalents) in 10 departments. The current property tax rate is 28 cents per \$100 of assessed valuation. Services provided by the Village include: police and fire protection, weekly trash/recyclable/yard debris collection, cultural/recreational activities, street maintenance, and planning and inspections services.



The Candidate

The Village is seeking an innovative, high energy leader with strong interpersonal skills who will be active and visible in the community and accessible and responsive to citizens, who can assist in preserving the best of the historic and unique character of this internationally known residential resort community while coordinating careful consideration of attractive and compatible proposed development, with a continued focus on sound financial management.

The successful candidate must possess a Bachelor's degree in Public or Business Administration, Land Use Planning, Finance, or another relevant field; a Master's degree is preferred. Additionally, the candidate must have at least five (5) years of leadership experience as a City or County Manager, Deputy Manager, Assistant Manager, or Department Head in local governments of similar size and characteristics, or equivalent relevant experience. Experience in North Carolina municipal government, or in communities comparable to Pinehurst, is a plus.

The successful candidate also should have considerable experience with and thorough knowledge of budget development and administration; land use planning, zoning and development; capital improvement planning and financing; community and media relations; human resources administration; and organizational change, strategic planning and implementation.



Position Profile

The Village Manager is the chief executive officer, responsible for effective implementation of policy decisions by the Village Council and professional management of all Village of Pinehurst operations, facilities, property and departments, to assure cost effective provision of quality services in accordance with the strategic mission, goals, priorities and values established by the Council. The Manager oversees development of the proposed annual budget for Council consideration, including capital projects, and administers the approved budget. Directly supervises two assistant village managers, the department directors for human resources, planning and inspections, police and fire, and directs other departments and operations through the two assistant village managers.

The Village Manager also assures development of productive working relationships with media, resort, business and community organizations and leaders, and the general public in order to promote the Village and to maintain open channels of communication for identifying and responding to the needs of citizens, our many visitors, and property and business owners. As delegated by the Village Council, the Manager represents the Village in negotiations with representatives of government, business and other organizations, provides public presentations and information to media, and appears before other legislative bodies to present the Village's viewpoints and encourage acceptance of productive goals and objectives. The Manager is responsible for monitoring and assuring the updating of all Village ordinances, regulations, policies and procedures to comply with state and federal law and regulations. The Manager also maintains effective working relationships with boards and commissions appointed by the Village Council.



Desired Characteristics, Qualifications and Experience:

- ◆ Willingness and ability to be visible and active in community affairs, accessible and responsive to citizens and elected officials to carry on our citizen service culture, with a reasonable balance between work and personal life
- ◆ Open minded, flexible, adaptable and accommodating to different leadership styles and citizen viewpoints
- ◆ Demonstrated strong financial and budget management skills, including long range capital facility needs planning and financing
- ◆ Strong appreciation for the historic character and unique culture of this community, with a realization that gradual demographic changes present new opportunities and needs
- ◆ Experience working in similar residential resort communities and with other governmental entities related to prominent community assets or resources is a plus, especially experience working with the National Park Service with respect to historic landmark areas
- ◆ Experience that fits well with the adopted strategic operating budget priorities for the community
- ◆ Demonstrated strong organization and management skills, able and willing to make sound, timely decisions after consideration of relevant information and alternatives
- ◆ Willingness to make a longer term commitment to service in Pinehurst
- ◆ Thoughtful, visionary and creative, open to new ideas, able and willing to develop and recommend innovative but sound policies and programs
- ◆ Demonstrated ability to keep elected officials informed about significant trends, opportunities and challenges that should be addressed, with adequate notice and opportunity for consideration of sound alternatives, and skills to help build consensus
- ◆ Strong media relations, public presentation, written communications and interpersonal skills, and ability to be an effective spokesperson and ambassador for the Village
- ◆ Strong negotiation skills to address future opportunities, needs and challenges
- ◆ Experience in developing and implementing effective and compatible economic and tax base diversification policies and strategies
- ◆ Politically astute but scrupulously non-partisan, with demonstrated sound professional judgment and thorough understanding of the appropriate respective roles of elected officials and senior managers
- ◆ Impeccable integrity, committed to the high ethical standards of the local government management profession and transparent government operations, ability to establish high level of credibility with citizens
- ◆ Able and willing to seek productivity, customer service and citizen information improvements through cost effective information technology enhancements and innovation
- ◆ Commitment to maintaining productive working relationships with the county government, the other municipalities in the county and other local governments in the region, valuable institutions and groups such as the regional hospital and home owners associations, and prominent businesses in the community
- ◆ Commitment to improving and maintaining productive working relationships with leadership at military installations in the region, and community support for our military families
- ◆ Demonstrated sound personnel management experience with willingness and ability to make timely and fair personnel decisions, and with a leadership style that allows Village employees to make productive contributions to serving our citizens based on clear communication of general expectations without micromanagement, but with accountability and recognition for achievements, and a commitment to productive professional development

Compensation and Benefits:

The salary for this position is market competitive and based upon the candidate's qualifications and experience. The Village provides an excellent benefits package. A benefits summary can be found on the Village of Pinehurst website, www.vopnc.org. Residency within the Village of Pinehurst is required within a defined period of time. To apply for this outstanding opportunity, send a letter of interest, resume, a completed Village of Pinehurst application and salary history by July 25, 2014 to:

Angela M. Kantor, Human Resources Director

Village of Pinehurst, 395 Magnolia Road, Pinehurst, NC 28374

Email Preferred: akantor@vopnc.org

Receipt of applications will be acknowledged by email. If timely acknowledgement is not received, please follow up with Ms. Kantor. First review of candidate applications will begin July 28, 2014. Interviews with selected candidates are expected to be held in late August. The Village of Pinehurst is an Equal Opportunity Employer and values diversity across the workforce.





Village of Pinehurst POSITION DESCRIPTION

Title:	Village Manager	Reports To:	Village Council
Department:	Administration	Division:	
Salary Grade:	Contract	Directly Supervises:	Village Clerk; Asst Manager for Operations; Asst Manager for Administration; Department Directors for Human Resources, Planning & Inspections, Fire, Police
FLSA Status:	Exempt	Shift:	Primarily Days M-F
Safety Sensitive:		Revision Date:	May 2015; July 2019; September 2021
Established Date:			

GENERAL STATEMENT OF DUTIES

Performs complex and difficult professional level leadership functions. Responsible for the professional management and operation of all Village of Pinehurst functions, facilities, property and departments personally or through subordinate managers pursuant to the requirements of NCGS 160A-148.

DESCRIPTION

Plans, organizes, develops, oversees, and implements municipal operations, budgets, policies, research efforts, special projects, intergovernmental relations, and other administrative activities in cooperation with the Village Council, Assistant Village Managers, and the department heads in the Village. Work includes providing leadership in establishing goals and priorities within and outside of the organization; managing departments, functions and projects; developing policies and programs; and representing the Village with a wide variety of other governmental jurisdictions, citizens groups, community programs, businesses, civic and other groups. The employee works to develop organizational values, principles, and climate conducive to organizational excellence as well as programs and processes to enhance organizational efficiency and effectiveness. Work requires sensitivity to the needs of the total municipal organization, advising Council, citizens and Village staff on a wide range of issues and programs, and use of sound judgment in maintaining confidentiality. Work is performed under the administrative supervision of the Village Council and is evaluated through periodic conferences, observation of results achieved, success and cost of projects, and review of records, reports, and files.

DUTIES AND RESPONSIBILITIES

- Establishes, implements and maintains current and long-range and short-term strategic objectives, plans, and policies, subject to approval by the Village Council, reporting on same to the Village Council as required.
- Dispenses advice, guidance, direction, and authorization to carry out major plans and procedures, consistent with established policies and Village Council approval.
- Responsible for the adequacy and soundness of the Village's financial structure.
- Promotes the Village of Pinehurst within the Village community, the surrounding communities, cities, and counties and with the State of North Carolina.
- As delegated by the Village Council, represents the Village in negotiations with representatives of government, business, labor, and other organizations, and holds news conferences, delivers, speeches, and appears before legislative bodies to present the Village's viewpoints and encourage acceptance of goals and objectives.
- Conducts a proactive effort to establish Village relationships with major businesses, businesses in general, adjacent communities and communities throughout Moore County, County Officials, various State Authorities and Officials, and any citizen groups as may be appropriate.
- Plans, develops, and implements new programs and ideas, and confers with Village management, council



Village of Pinehurst POSITION DESCRIPTION

members, and community leaders to evaluate services and recommend methods to increase services and efficiency of services and to promote the Village of Pinehurst within the community and to surrounding communities and the State of North Carolina.

- Responsible for monitoring and updating all Village ordinances, regulations, policies and procedures to comply with all state and federal regulations and changes in regulations.
- Maintains effective working relationships with the Chairpersons of the various boards and commissions that are appointed by the Village Council.
- Other duties as provided for in NC General Statute 160A-148(8).

KNOWLEDGE, SKILLS AND ABILITIES

- Considerable knowledge of planning, zoning and land-use development in NC, including transportation planning
- Considerable knowledge of risk management
- Considerable knowledge of NC general statutes applicable to local government administration
- Demonstrated organizational management and interpersonal skills.
- Considerable knowledge of the theory, principles, and practices of public, municipal, and budget administration.
- Considerable knowledge of the principles and practices of leadership and supervision including communications, motivations, performance coaching, and conflict resolution.
- Considerable knowledge of the trends, legislation, policies, and regulations being required of municipal government.
- Considerable knowledge of the organization's budgeting, personnel and purchasing policies and procedures.
- Considerable knowledge of the principles and practices of organization development and organizational psychology including knowledge to create a climate of support, engagement and performance excellence.
- Considerable knowledge of the application of information technology in the public sector.
- Considerable knowledge of the laws, regulations, policies, and principles of public sector human resource management.
- Some knowledge of economic development and marketing.
- Skill in public speaking, meeting facilitation, consensus building, problem-solving and collaborative conflict resolution.
- Ability to help develop long term plans and goals for the Village.
- Ability to think and plan systemically.
- Ability to articulate the Village's position on matters and recommend policy at the strategic level.
- Ability to innovate.
- Ability to analyze facts, programs, trends, and costs and make recommendations, solve problems, and prepare comprehensive reports in oral and written forms.
- Ability to communicate effectively with council, other government officials, employees, and the general public.
- Ability to maintain the confidentiality of all activities and management discussions.
- Ability to establish and maintain effective work relationships with Council, Manager, department heads, Village staff, and citizens.

SAFETY

This position requires enforcing and following all Village of Pinehurst and OSHA safety regulations.

PHYSICAL REQUIREMENTS

Must be able to physically perform the basic life operational functions of fingering, talking and hearing. Must be able to perform sedentary work exerting up to 10 pounds of force occasionally and/or a negligible amount of force frequently or constantly to lift, carry, push, pull, or otherwise move objects. Must possess the visual acuity to analyze data and figures, operate a computer terminal, and do extensive reading.

MINIMUM AND PREFERRED EDUCATION AND EXPERIENCE

Master's degree in urban planning, public or business administration, political science or closely related field from an accredited college or university. Minimum of five years progressively responsible experience in the field of city



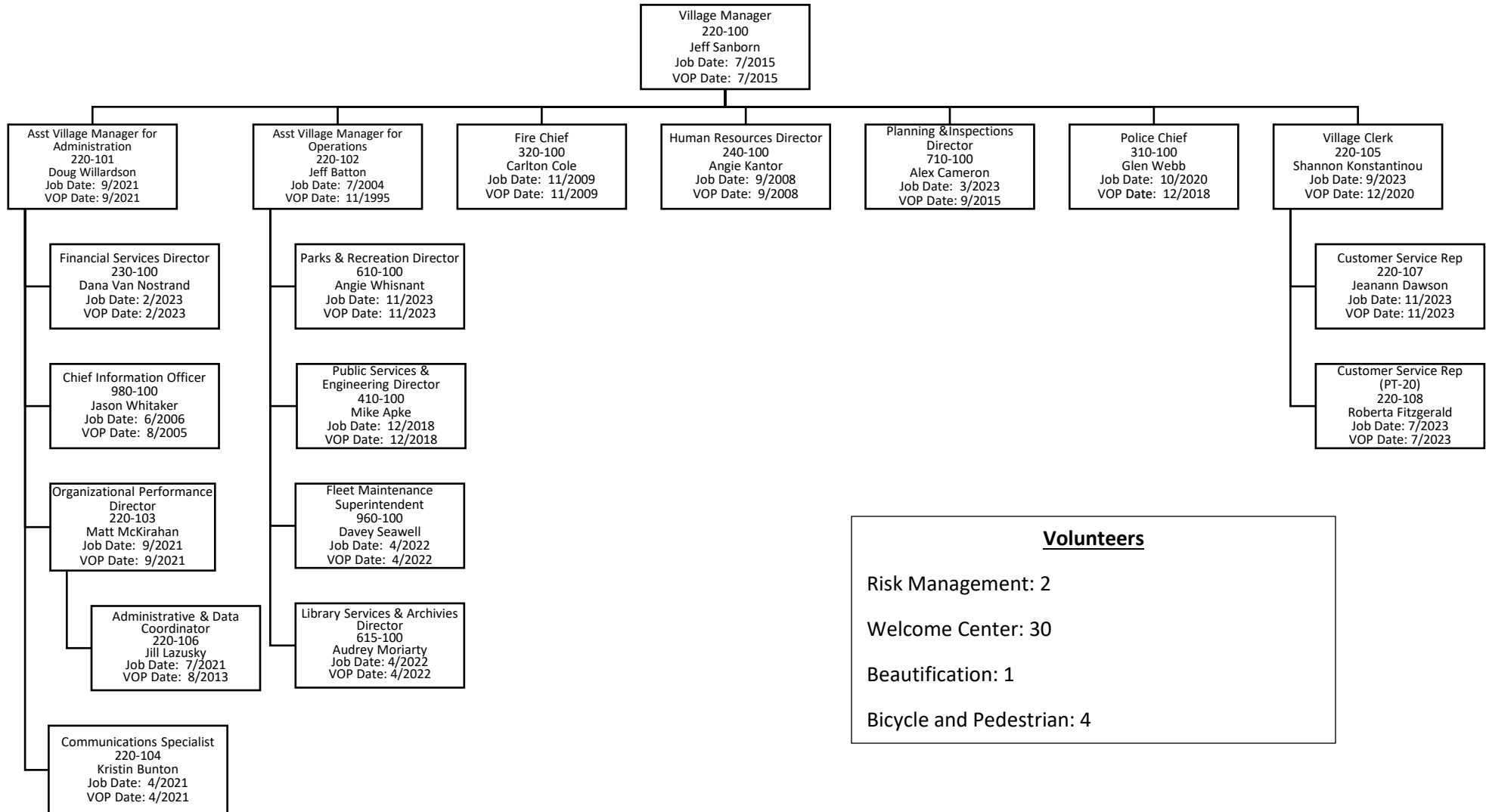
Village of Pinehurst POSITION DESCRIPTION

or county administration, business administration, public planning, public works or public finance; or an equivalent combination of education and experience.

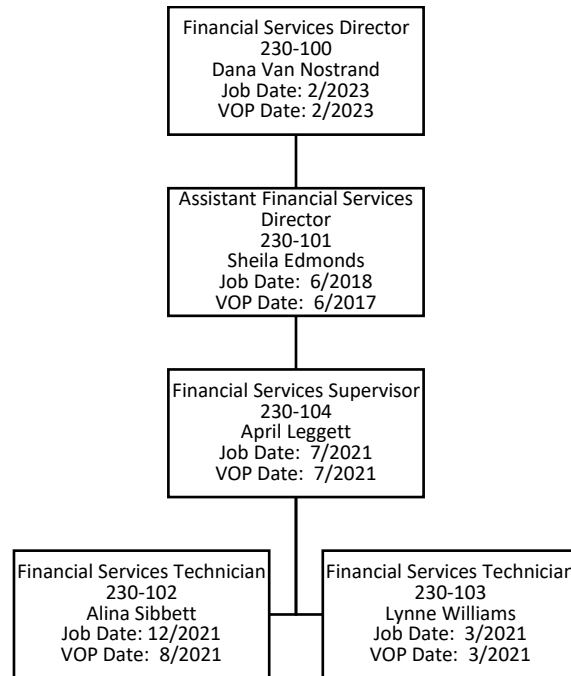
SPECIAL REQUIREMENTS

Possession of a valid driver's license. Prefer ICMA certification.

Administration



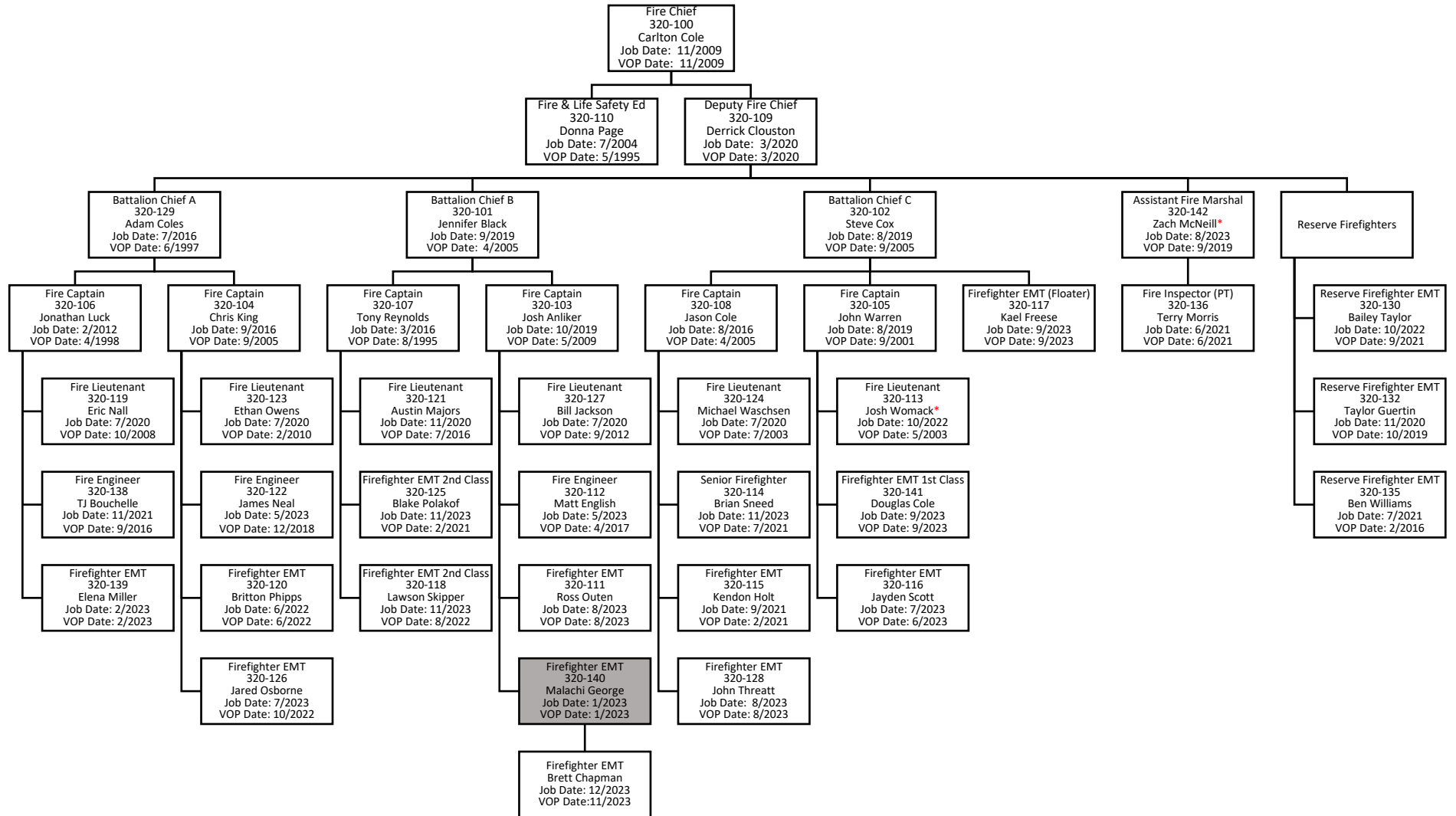
Financial Services



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Updated: 2/29/2024

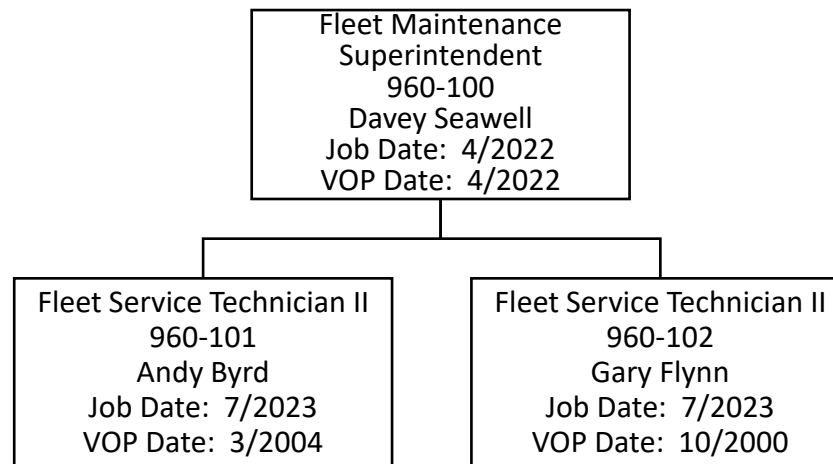
Fire



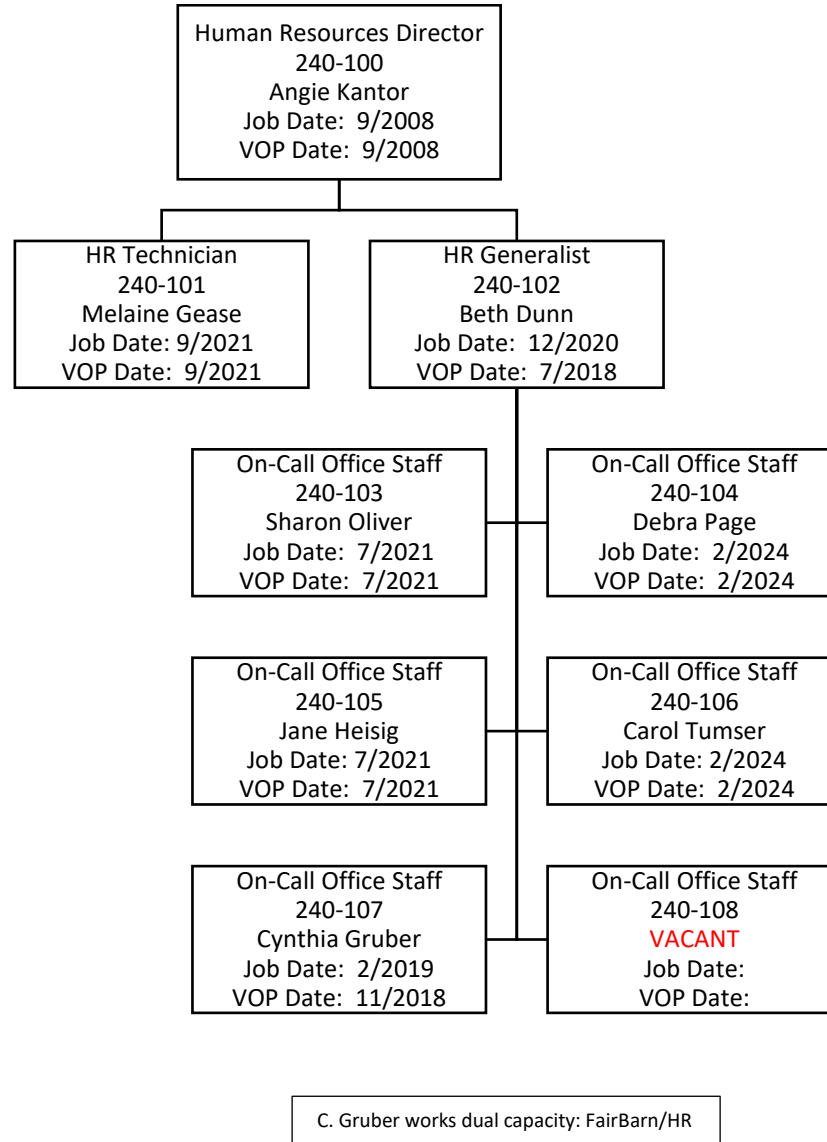
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Updated: 2/29/2024

Fleet Maintenance



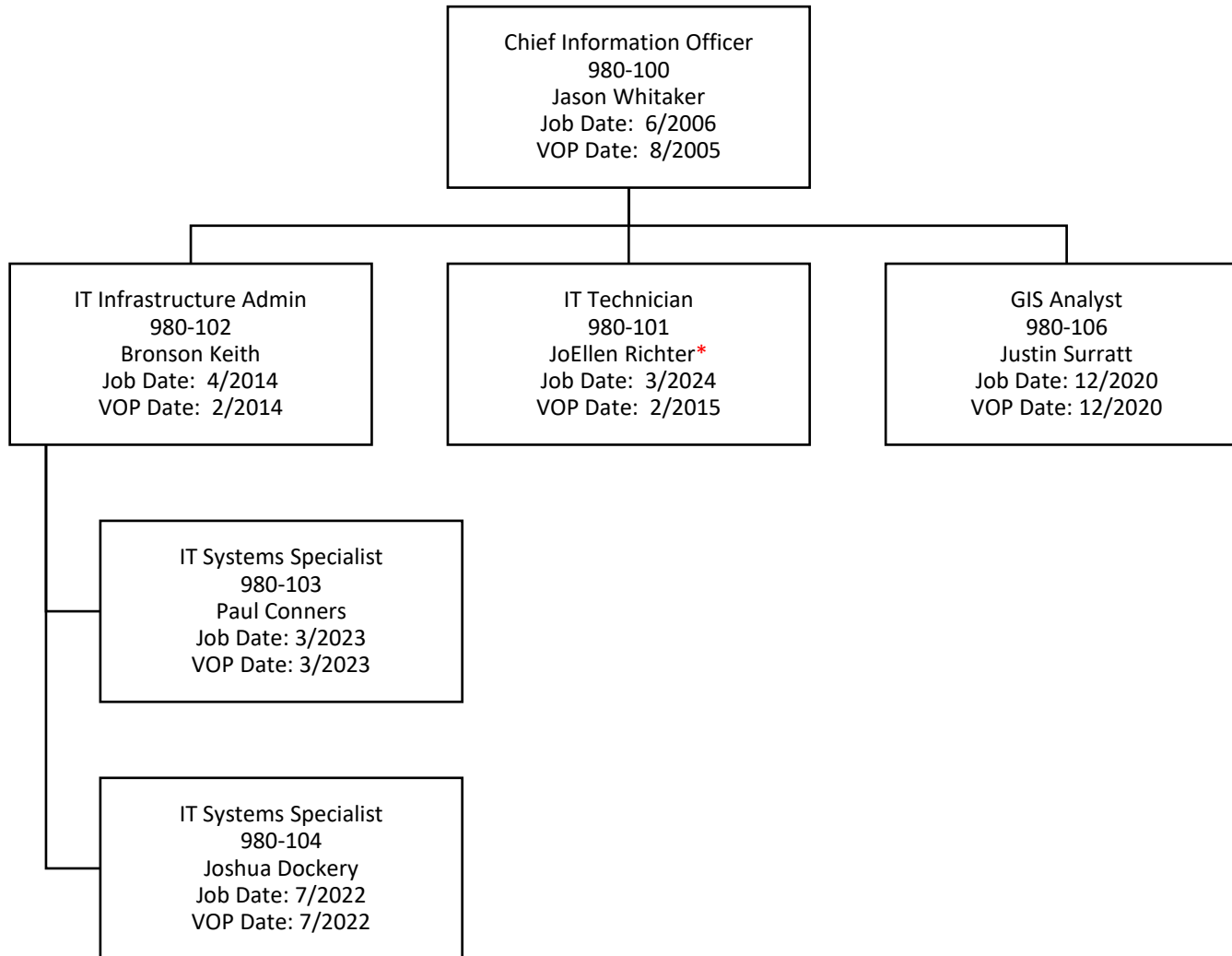
Human Resources



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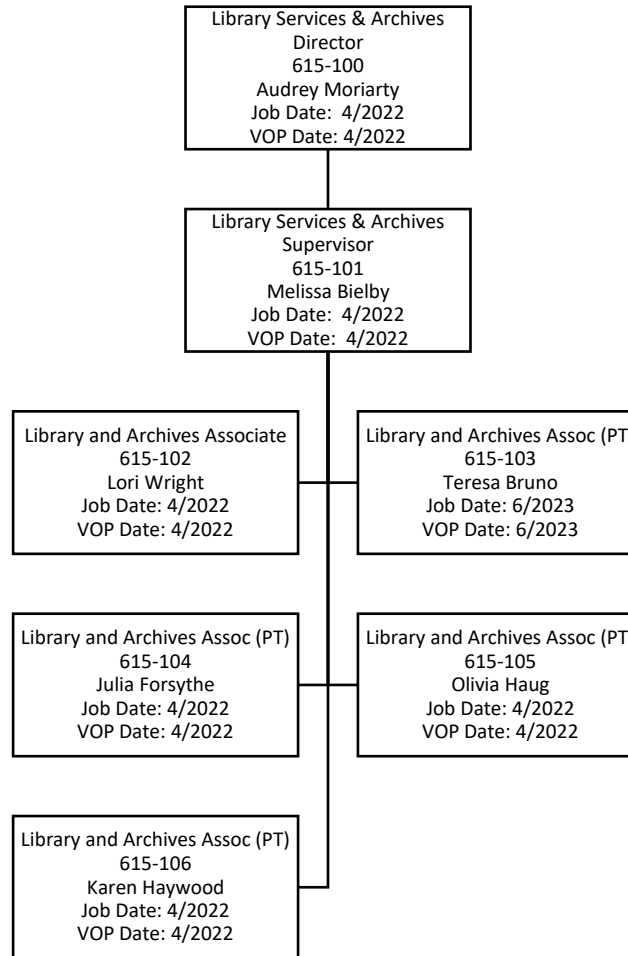
Information Technology



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Updated: 2/29/2024

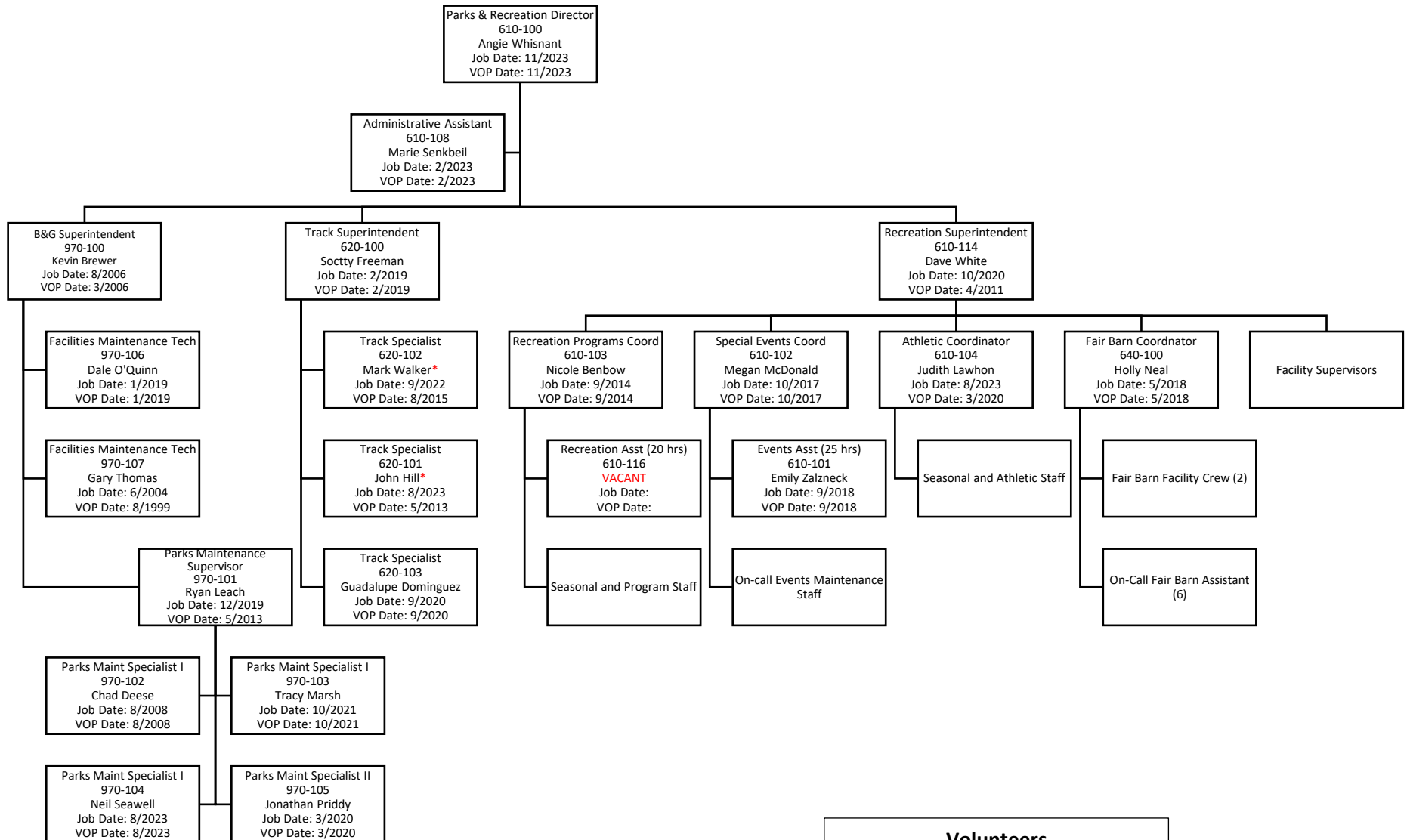
Library Services



*=Rehired

Updated: 2/29/2024

Parks and Recreation



*=Rehired

Volunteers

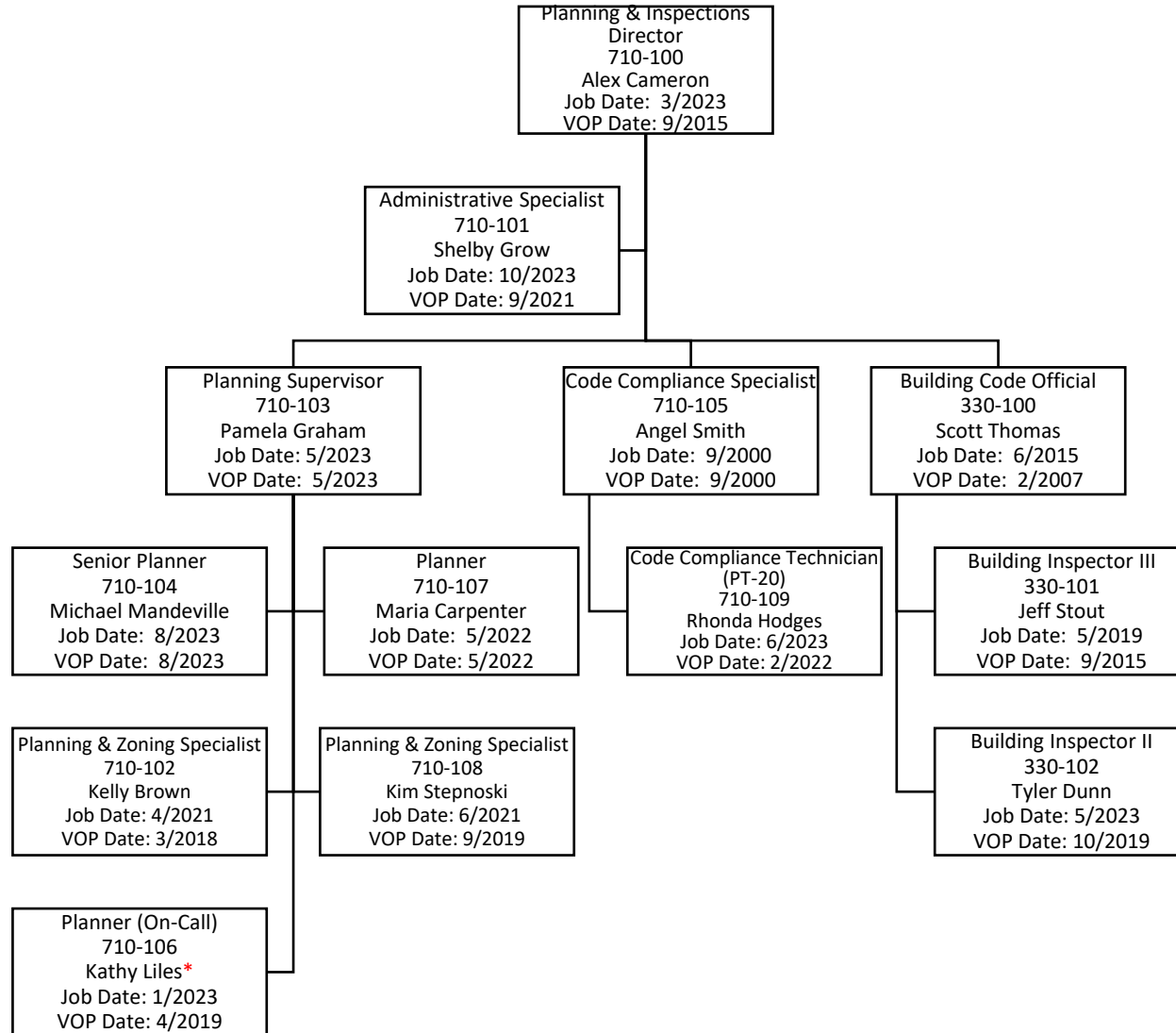
Events/Athletics/General: 96

Greenway Wildlife: 20

BPAC: 3

Updated: 2/29/2024

Planning & Inspections Department



Volunteers

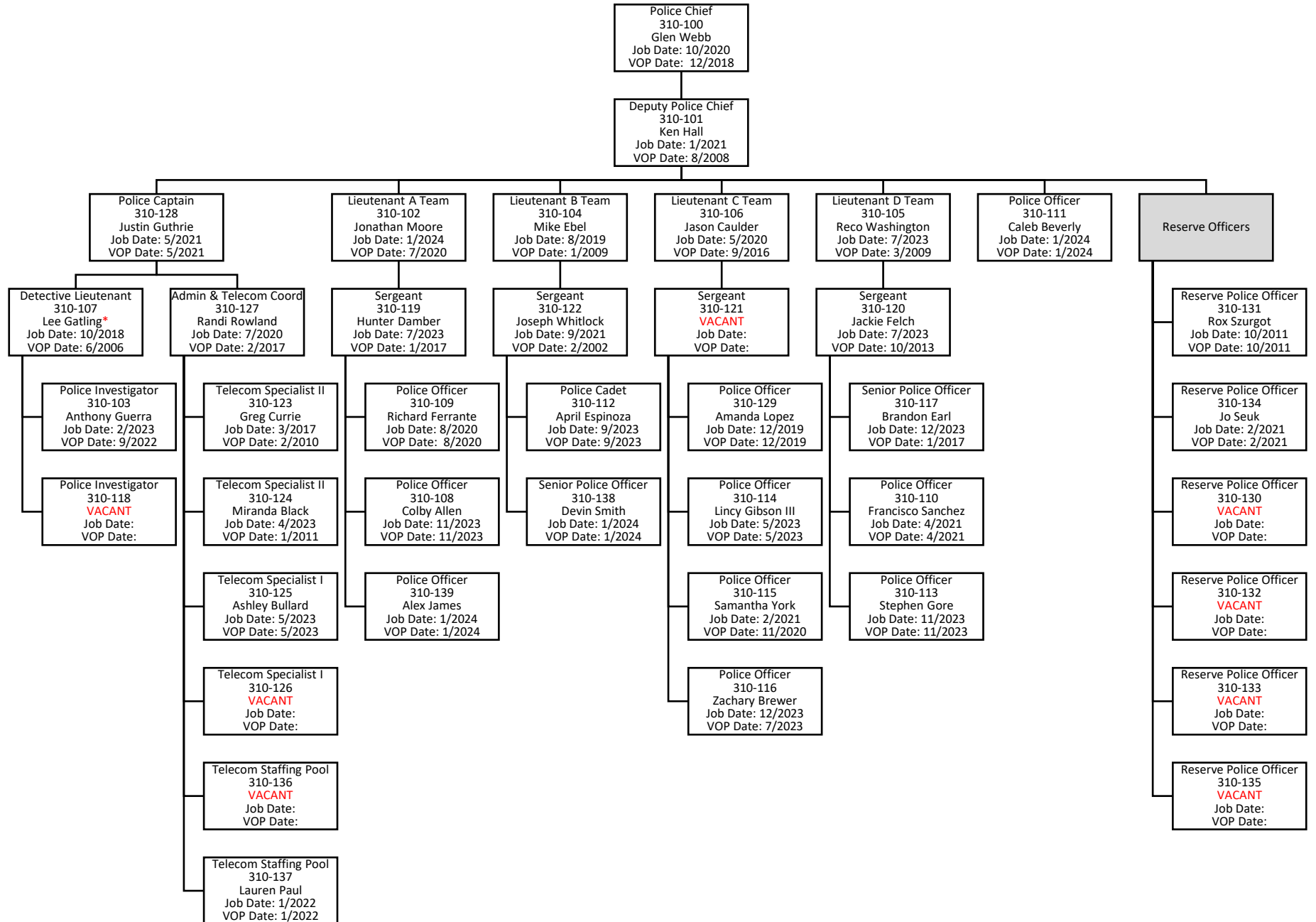
P&Z/BOA: 10

HPC: 7

*=Rehired

Updated: 2/29/2024

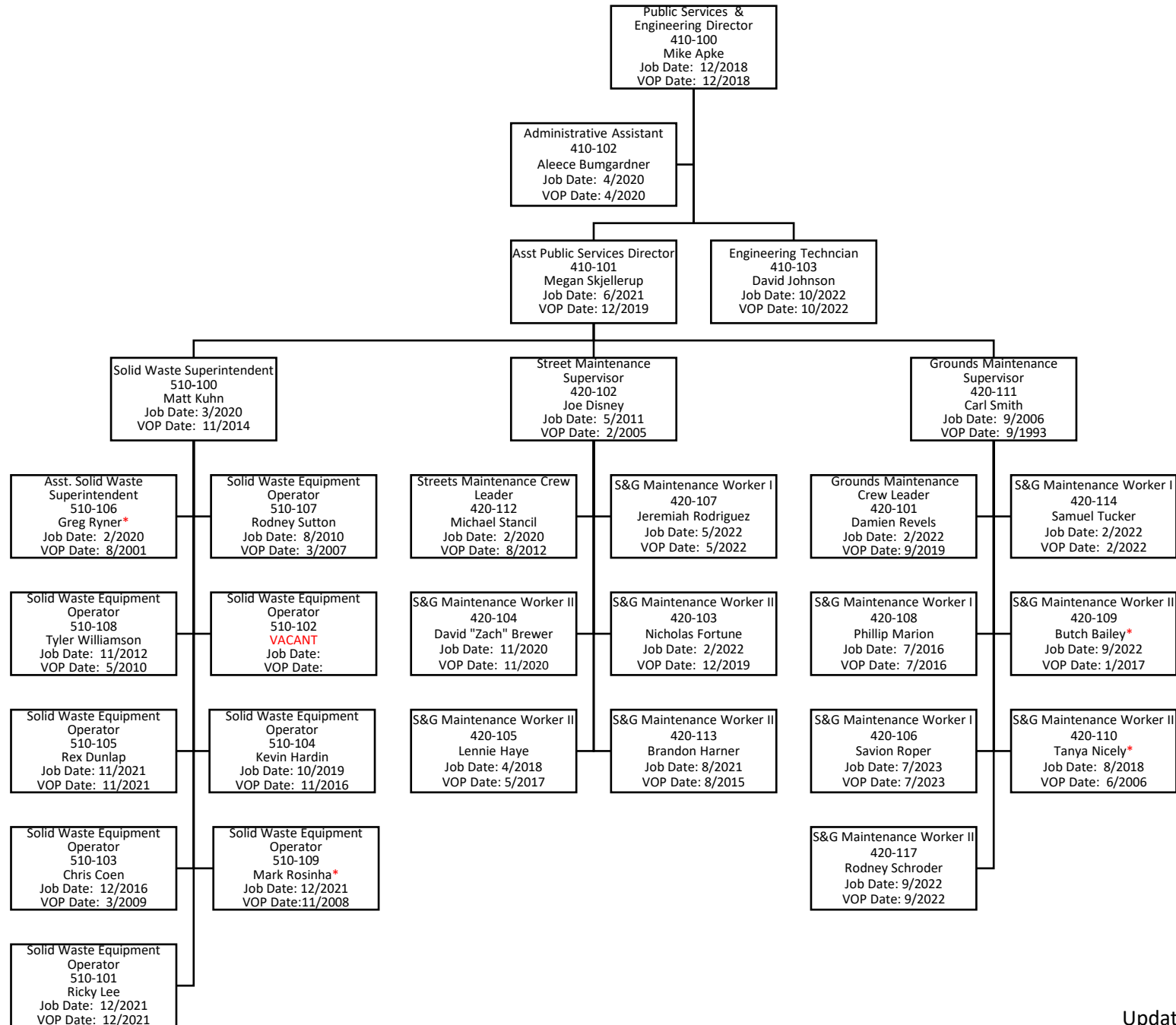
Police Department



*=Rehired

Updated: 2/29/2024

Public Services



*=Rehired

Updated: 2/29/2024



Learning and Development Process

The Village values its employees and wants to provide opportunities to develop and advance within the organization. Supervisors work with employees to improve their skills in their current positions or provide coaching and guidance for those who are interested in leadership positions. Our process:

1. Supervisors hold mid-year development meetings to discuss employee short-term and long-term career aspirations. Department Heads (DH) summarize employees' aspirations on the Workforce Development Planning document. WF Development Planning document is submitted to the Managers and HR Director.
2. If an employee expresses interest in a Senior Leader position, Assistant DH position, or other position without redundancy, the DH completes a Skills Assessment document, in collaboration with the respective Manager, rating the employees on leadership competencies and required Knowledge, Skills and Abilities for the desired position.
3. The Managers and HR meet to discuss the Development Plans and Skills Assessments to ensure training needs are identified and included in department training budgets.
4. Employees who express career aspirations consult with their supervisors and identify specific training needs and incorporate those into the annual performance goals.

STATE OF NORTH CAROLINA

EMPLOYMENT AGREEMENT

COUNTY OF MOORE

THIS AGREEMENT made and entered into this 28th day of June 2022, by and between the Village of Pinehurst, North Carolina, a political subdivision of the State of North Carolina, hereinafter referred to as "Employer," and Jeffrey M. Sanborn, hereinafter referred to as "Employee", both of whom understand and agree as follows:

WITNESSETH:

WHEREAS, pursuant to North Carolina General Statutes §160A-147 and 160A-148, the Employer desires to continue to employ Employee to serve as the Village Manager of the Village of Pinehurst, North Carolina; and

WHEREAS, Employee desires to continue employment as the Village Manager of the Village of Pinehurst, North Carolina; and

WHEREAS, in his position as Village Manager, Employee will serve at the pleasure of the Village Council of the Village of Pinehurst; and

WHEREAS, it is the desire of the Employer to:

1. Continue to retain the services of Employee and to provide inducement for him to remain in such employment;
2. To make possible full work productivity by assuring Employee's morale and peace of mind with respect to future job security; and
3. To provide a just means for terminating Employee's services at such time as he may be unable to fully discharge his duties for any reason or when Employer may otherwise desire to terminate his employ.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

Section 1. Effective Date. Employee shall continue the position of, and continue to fulfill the responsibilities, and duties of Village Manager on June 28, 2022.

Section 2. Duties. Employee shall perform all duties of a Village Manager as provided by law consistent with the direction, consent, and authority of the Employer, and any other lawful duties as may be assigned and directed to him from time to time by the Employer.

Section 3. Term. Employer and Employee each agree that this Employment Agreement shall be for a term of five (5) years beyond July 1, 2022, and shall terminate on July 1, 2027. Provided however, this agreement is deemed to be continuing in nature unless and until the Employer or Employee shall terminate it as hereinafter provided. As an employee serving at the will and pleasure of the Employer, it is understood that the Employer may terminate the employment provided for herein at any time, with or without cause.

Section 4. Termination and Severance Pay. At any time after the execution of the contract and in the event Employee is terminated by the Employer without cause other than it being the will and pleasure of the Employer, and the Employee has not violated any of the terms and conditions of employment, and at the time Employee is willing and able to perform his duties under this Agreement, then, in that event, Employer agrees to pay Employee an amount equal to his monthly compensation effective July 1, 2022 plus any periodic adjustments made, on a bi-weekly basis, for a period of twelve (12) months or as otherwise extended as set forth below, or until Employee obtains other permanent employment at a rate of compensation equal to or greater than his compensation at termination, whichever occurs first, at which time payments shall cease; provided, however, that in the event that after the start date if Employee obtains other permanent employment at a rate of compensation which is less than his compensation at termination, Employer agrees to pay Employee an amount equal to the difference in his compensation, on a monthly basis, for a period not to exceed twelve (12) months or as otherwise extended as set forth below from the date of termination or until Employee obtains other permanent employment at a rate of compensation equal to or greater than his compensation at termination, whichever occurs first, at which time payments shall cease. For purposes of this Section 4, the term "compensation" shall include salary plus the monetary value of other fringe benefits for which Employee is eligible, including automobile allowance, cell phone stipend and the monetary value of the monthly premium for employee medical, dental and vision insurance; life insurance; long term disability insurance, including increases in the premiums for all of the aforementioned insurance coverage that may occur during the period, not to exceed twelve (12) months, that Employee receives Severance Pay from Employer; all deferred compensation; Employer contributions to the State of North Carolina 401 (k) Plan and the Local Government Employee's Retirement System ("grossed up" so that Employee receives the net amount that was previously contributed on his behalf in a "pre-tax" manner to the State of North Carolina 401 (k) Plan and the Local Government Employee's Retirement System), and any other benefits (qualified or non-qualified) which may be implemented from time to time during the existence of this agreement. Should any component of said compensation hereafter be amended or increased during the severance period, such change shall apply to Employee as they would to other employees of Employer.

Employer may terminate this Agreement for cause upon the Employee's conviction for a crime directly or indirectly involving his employment (other than a traffic violation), an act of moral turpitude directly and substantially impairing his ability to reasonably perform his duties, an act contrary to his employment involving personal gain to him, or for any act in violation of this Employment Agreement. In that event, Employer shall have no obligation to pay severance in any amount.

Section 5. Disability. If Employee becomes permanently disabled or is otherwise unable to perform his duties because of sickness, accident, injury, mental incapacity or health for a period of ninety (90) successive days beyond any accrued leave or family or medical leave benefits, Employer shall have the option to terminate this Agreement, subject to the severance pay requirements of Section 4 of this Agreement and any rules and/or regulations imposed by the Local Government Retirement System regarding eligibility for retirement/disability

benefits.

Section 6. Salary. Effective July 1, 2022, Employer agrees to pay Employee for his services rendered pursuant hereto an initial annual base salary of \$165,679, which may be periodically adjusted as provided for herein. Employee will receive payments in installments at the same time as other employees of the Employer are paid.

Section 7. Hours of Work. Because of the unique nature of this employment, it is recognized that Employee will be required to devote considerable time outside the normal office hours of business of the Employer. To the extent practicable, the Employee will be expected and encouraged to adhere to the normal office hours established for the Village.

Section 8. Residency. The Employee shall maintain residency within the Village of Pinehurst during the term of this agreement.

Section 9. Automobile Allowance. Employer agrees to pay an automobile allowance to the Employee in the amount of \$450 per month, which will be adjusted according to annual CPI increases effective July 1 of each year. Employer will have no other responsibility for direct or indirect costs of operating an automobile of employee's, or for the regular replacement of the automobile.

Section 10. Travel Expenses. Employee may be reimbursed, or Employer may pay directly, at the election of the Employee, for the actual travel expenses, excluding mileage or fuel costs related to employee's use of his own automobile, of Employee's travel on behalf of Employer.

Section 11. Benefits. All provisions of the Village personnel rules and regulations relating to vacation and sick leave use (excepting accrual rates which are enumerated below), holidays, retirement, Social Security, longevity, cell phone stipend and other fringe benefits and working conditions as they now exist or hereafter may be amended, shall apply to Employee as they would to other employees of Employer, in addition to said benefits enumerated specifically for the benefit of Employee as provided in this Agreement.

Employee shall accrue vacation leave at the rate of four (4) weeks per year and sick leave at the rate of twelve (12) days per year.

Section 12. No Reduction in Benefits. Employer shall not at any time during the term of the Agreement reduce the salary, compensation or other financial benefits of Employee, except to the degree of such reduction across-the-board for all employees of the Employer.

In the event Employer reduces the salary, compensation or other financial benefits of Employee in a greater degree than applicable across-the-board reduction for all employees or in the event of Employer's substantial failure, after written notice, to comply with a material provision benefiting Employee herein, then, in that event, Employee may, at his option, be deemed to be "terminated" within the meaning and context of the severance pay provision under Section 4 of this Agreement as of the date of such reduction or such substantial failure to comply. For purposes of this Section 12, Employee shall give Employer written notice of any failure to comply, and Employer shall have ten (10) business days within which to substantially comply

with the terms of this Agreement before Employee may deem the Agreement "terminated."

Section 13. Performance Appraisal. At least once annually after adoption of the annual operating budget, but no later than October 1 of each year, the Village Council of the Village of Pinehurst shall conduct with the Employee an evaluation of his work performance during the immediately preceding year and shall provide an adequate opportunity for Employee to discuss his performance with Employer. As a result of this annual performance appraisal, the Employer may award a salary and/or benefits increase or bonus incentive in such amount(s) and to such extent as Employer may determine that it is desirable to do based on the performance appraisal. Said salary and/or benefits increase or bonus shall be effective on July 1, the end of the performance year evaluated. The maximum base salary allowable under this contract will be \$175,000 adjusted annually by the federally calculated CPI inflation rate starting July 1, 2022. The balance of any Village Council approved salary increase that would result in an annual salary exceeding the CPI adjusted maximum will be paid out as a bonus or as a mutually agreed upon benefit.

Section 14. Notice of Termination. Except as otherwise provided in this Agreement, in the event that Employee accepts other employment or otherwise intends to terminate his services to the Employer, he shall give at least sixty (60) days notice of his intention to do so prior to his last day of employment.

Section 15. Civic Club Membership. Employer recognizes the desirability of representation in and before local civic and other organizations, and Employee is authorized to become a member of one (1) such civic club or organization for which Employer shall pay all expenses. Employee shall report to the Employer on each membership that he has taken out at Employer's expense.

Section 16. Membership and Participation in Professional Organizations. Employer recognizes the desirability of membership and participation in Professional Organizations and continuing education, and Employee is authorized and encouraged to become a member at Employer's expense in the North Carolina City and County Managers Association and the International City and County Managers Association, and to attend their respective conferences and training, and other appropriate and mutually agreed upon training and continuing education at Employer's expense, as approved in the travel and training appropriation of the annual village budget.

Section 17. Governing Law. This Agreement shall be governed by and in accordance with the laws of the State of North Carolina. All actions relating in any way to this Agreement shall be brought in the General Court of Justice in the County of Moore and the State of North Carolina.

Section 18. Headings. The subject headings of the sections are included for purposes of convenience only and shall not affect the construction or interpretation of any of its provisions. This Agreement shall be deemed to have been drafted by both parties and no purposes of interpretation shall be made to the contrary.

Section 19. General Provisions. This Agreement shall constitute the entire understanding between the parties and shall supersede all prior understandings and agreements relating to the subject matter hereof and may be amended only by written mutual agreement of the parties. If any provision, or any portion, thereof,

contained in this Agreement is held unconstitutional, invalid, or unenforceable, the remainder of this Agreement, or portion thereof shall not be affected and shall remain in full force and effect.

IN WITNESS WHEREOF, the Village Council of the Village of Pinehurst has caused this Agreement to be signed and executed in its behalf by its Mayor and duly attested by the Clerk, and by the Employee in duplicate originals, on the day and year first above written.

VILLAGE OF PINEHURST

By: John C. Strickland
John C. Strickland, Mayor

ATTEST:



(SEAL)

Kelly Chance
Kelly Chance, Village Clerk

EMPLOYEE:

Jeffrey M. Sanborn
Jeffrey M. Sanborn

CERTIFICATE OF FINANCE OFFICER:

This instrument has been pre-audited in the manner prescribed by the Local Government Budget and Fiscal Control Act.

Brooke Hunter 6/23/22
Finance Officer