



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

VICE CHANCELLOR FOR FINANCE AND ADMINISTRATION

300 SOUTH BUILDING
CAMPUS BOX 1000
CHAPEL HILL, NC 27599-1000

T 919.962.3795
F 919.962.0647
www.unc.edu/financeadmin

September 6, 2012

Roger Stancil, Town Manager
Town of Chapel Hill
405 Martin Luther King, Jr., Drive
Chapel Hill, NC 27514

Dear Roger:

In the July 1, 2009 Development Agreement for Carolina North between the University of North Carolina at Chapel Hill (University) and the Town of Chapel Hill (Town), Section 5.7.2 provides that the Town and the University will prepare and update at three year intervals a cost sharing agreement for stormwater utility functions. Section 5.7.3 of the Agreement set the initial cost sharing at 24% of the fee that would be charged based on the impervious surface coverage on the Carolina North Tract existing as of the Agreement's effective date. It is now the third year anniversary of the original agreement and a regular update is required.

The Town and University stormwater staff discussed the cost sharing agreement on June 21, 2012 and agreed that the current cost-sharing should be continued for the three year period July 1, 2012 to June 30, 2015, for the following reasons:

- The allocation of the Town stormwater budget to the various components of the Town stormwater program has not changed substantially since 2009.
- The University's stormwater program has not changed substantially since 2009.

Therefore, for the three fiscal years beginning July 1, 2012 and ending June 30, 2015, the University proposes that the stormwater utility cost sharing will be as stated in Section 5.7.3 of the Development Agreement, as follows:

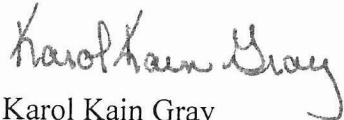
- 24% of the fee that would be charged based on the impervious surface coverage on the Carolina North Tract
- Equitable cost-sharing in capital projects or funds based on the respective duties and financial obligations of the Town and University

We believe continuation of the existing agreement continues to be an equitable cost-sharing based on the respective duties and financial obligations of the Town and University. Please

Roger Stancil
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indicate your approval as required by section 5.7.3 of the Development Agreement by signing the enclosed copy of this letter in the space provided.

Sincerely,



Karol Kain Gray
Vice Chancellor for Finance and Administration

AGREED:



By: _____
Roger Stancil, Town Manager

Date: 9/24/12