

NORTH CAROLINA

GUILFORD COUNTY

## SECOND ADDENDUM TO INTERLOCAL AGREEMENT ON TAX COLLECTION

THIS ADDENDUM TO INTERLOCAL COOPERATION AGREEMENT (hereinafter called the “Interlocal Agreement”) made this the \_\_\_\_\_ day of \_\_\_\_\_, 2020, and effective as of the 1<sup>st</sup> day of January, 2020, by and between the **CITY OF HIGH POINT**, a municipal corporation in the State of North Carolina (hereinafter called the “**CITY**”), and **GUILFORD COUNTY**, North Carolina, a body politic and corporate (hereinafter called the “**COUNTY**”), collectively referred to as the “Parties.”

### WITNESSETH

WHEREAS, on May 20, 2011, the CITY OF HIGH POINT and the BOARD OF COMMISSIONERS OF GUILFORD COUNTY entered into a Contract, effective as of July 1, 2011, whereby the COUNTY agreed to provide ad valorem tax listing and collection services to the CITY; and

WHEREAS, the CITY and COUNTY determined it to be in the public benefit and interest to enter into a new Interlocal Agreement on Tax Collection. This Interlocal Agreement on Tax Collection (**Guilford County Contract No. 42120-07/16-004**) was entered into on or about May 16, 2016, and was effective upon the expiration of the former Interlocal Agreement on Tax Collection to provide for the listing, billing and collection by the COUNTY of ad valorem taxes levied by the CITY; and

WHEREAS, the CITY and COUNTY subsequently determined that it was also in the public benefit and interest to enter into an Addendum to the Interlocal Agreement on Tax Collection entered into on or about May 16, 2016, for purposes of adding provisions related to the billing and collection of certain CITY lien amounts and entered into such an Addendum effective July 1, 2017; and

WHEREAS, the CITY and COUNTY have determined that it is now also in the public benefit and interest to enter into a Second Addendum to the Interlocal Agreement on Tax Collection for the purpose of adding additional provisions related to the acquisition of properties sold at tax foreclosure sales and their subsequent re-sale; and

WHEREAS, the Parties have agreed that the terms set forth herein are in the best interests of their citizens; and

WHEREAS, the North Carolina General Statutes in Chapter 160A, Article 20, provide that units of local government may enter into agreements in order to execute an undertaking providing for the continual exercise by one unit of any power, function or right, including the collection of taxes; and

WHEREAS, the CITY and the COUNTY agree that this Addendum to Interlocal Agreement shall be effective through June 30, 2021, which is the effective term as was stated in the initial Interlocal Agreement on Tax Collection, unless terminated pursuant to the terms herein; and

WHEREAS, in addition to additions and/or revisions to certain provisions as stated in the initial Interlocal Agreement on Tax Collection and in the Addendum to Interlocal Agreement on Tax Collection, many of its provisions are being restated in this Second Addendum to Interlocal Agreement

on Tax Collection; and

WHEREAS, the governing bodies of the CITY and COUNTY have ratified this Second Addendum to Interlocal Agreement by resolutions being recorded in their respective minutes; and

THEREFORE, in consideration of the mutual covenants, terms and conditions contained in this Second Addendum to Interlocal Agreement on Tax Collection accruing to the benefit of each of the Parties and other good and valuable consideration, receipt and sufficiency of which is acknowledged by the CITY and the COUNTY, the Parties agree as follows:

1. **COUNTY Billing and Collection of CITY Taxes.** The COUNTY will continue to bill and collect ad valorem taxes (not including motor vehicle taxes collected by the State of North Carolina under N.C.G.S. Chapter 105, Article 22A) for CITY properties located within Guilford County, including current or delinquent taxes due to the CITY, through June 30, 2021, as stated in the initial Interlocal Agreement on Tax Collection.
2. **County Billing of CITY Municipal Liens.**
  - (a) The COUNTY will, without charge, for those properties within the High Point city limits and specified by CITY, include on its annual tax bills and routine follow-up bills, and on similar bills for parcels on which no tax may be due, amounts due CITY (other than for ad valorem taxes) which are secured by valid lien(s) legally collectible in the same manner as ad valorem taxes (“the municipal liens”). COUNTY will not be responsible for determining the validity of the amounts claimed by CITY or the validity of CITY’s asserted lien. COUNTY will include such municipal lien amounts on the annual tax bill and routine follow-up bills for the parcel as to which the debt was incurred, as designated by CITY. For any such parcel, the tax bill will contain a single line item for “High Point Municipal Lien” or similar description and a single total amount due, regardless of the number of such liens.
  - (b) CITY will provide COUNTY with such information in such format and at such times as may be reasonably requested by COUNTY in order to include the municipal liens on annual tax bills. CITY will promptly notify COUNTY by e-mail to Elliott Thompson ([ethomps@myguilford.com](mailto:ethomps@myguilford.com)) (or alternate County designee) of any changes to information it has provided pursuant to this Paragraph 2 so that COUNTY’s information regarding the municipal liens remains current.
  - (c) For simplicity, COUNTY will not add interest to the amounts billed for municipal liens.
  - (d) COUNTY will accept payment of amounts billed pursuant to this Paragraph 2 in the same manner as it accepts payments of CITY’s ad valorem taxes. In the event that CITY receives payment directly on any amount billed by COUNTY pursuant to this Paragraph 2, it will immediately notify COUNTY by e-mail to Elliott Thompson ([ethomps@myguilford.com](mailto:ethomps@myguilford.com))(or alternate County designee). COUNTY will account to CITY for payments made against the amounts billed pursuant to this Paragraph 2 in the same manner that it accounts for payments made against CITY taxes billed pursuant to this Addendum to Interlocal Agreement.

- (e) Unless specified otherwise by the payor, payments received by COUNTY with respect to a parcel on which COUNTY has billed a CITY municipal lien will be applied first according to Paragraph 7 (Pro Rata Payments) as if no municipal lien had been billed, then the remainder (if any) shall be applied to the municipal lien amount(s) billed. COUNTY will not be required to allocate payments between multiple municipal liens on a parcel.
- (f) COUNTY will refer parties requesting municipal lien information, including but not limited to payoff information, to CITY, specifically to its Right of Way Department at 336 883 8557 (or alternate CITY designee).
- (g) COUNTY's undertaking with respect to the municipal liens is limited to billing and payment acceptance as set out above in this Paragraph 2. (However, this shall not alter the foreclosure authority provided in Paragraph 8.)
- (h) It is the parties' desire that CITY realize the higher collection rates on municipal liens that they believe are likely to follow from inclusion of those liens on COUNTY tax bills while minimizing any additional cost or manpower required of COUNTY to accommodate this. If the parties desire for COUNTY to undertake additional efforts in connection with the collection of CITY municipal liens, they may address this by a subsequent agreement, subject to approval in accordance with N.C.G.S. Chapter 160A, Art. 20, Part 1.
- (i) Either party may terminate the municipal lien billing and collection arrangement set out in this Paragraph 2 on 30 days' notice to the other party.
- (j) Notwithstanding any other provision of this Addendum to Interlocal Agreement, CITY is solely responsible for the accuracy of the information provided to COUNTY pursuant to this Paragraph 2 and, to the extent allowed by law, will defend and indemnify COUNTY from and against all claims and any liability which may result, directly or indirectly, from COUNTY's inclusion of any such information on tax bills, from any such information being made available in the same manner as COUNTY now or hereafter makes available ad valorem tax information (for instance, on COUNTY's Tax Department website), and/or from County's collection of any amounts billed pursuant to this Paragraph 2, including but not limited to all damages (actual, punitive, statutory, or otherwise), judgments, settlements, attorney's fees, and costs of defense incurred as a result thereof. Notwithstanding the forgoing or any other provision of this Addendum to Interlocal Agreement, COUNTY shall nonetheless be responsible for and, to the extent allowed by law, will defend and indemnify CITY from and against all claims and any liability which may result, directly or indirectly, from COUNTY's sole negligence in performing the billing and collection of municipal liens pursuant to this Paragraph 2, including but not limited to all damages (actual, punitive, statutory, or otherwise), judgments, settlements, attorney's fees, and costs of defense incurred as a result thereof. This provision shall survive the expiration or termination of the services provided pursuant to this Paragraph 2 and the expiration or termination of this Interlocal Agreement.

3. **Term of Agreement.** This Addendum to Interlocal Agreement shall continue for the remaining effective term as was stated in the initial Interlocal Agreement on Tax Collection, through June 30, 2021, unless terminated pursuant to the terms herein.

4. **Compliance.** COUNTY will comply with all applicable tax collection laws of North Carolina, including those contained in Subchapter II of Chapter 105 of the General Statutes of North Carolina, and all administrative mandates issued by the State of North Carolina.

5. **Records and Accounts.**

(a) The COUNTY shall be responsible for maintaining, in an on-line environment, all ad valorem tax records, and other related charges, including amounts paid and unpaid, in the same manner as COUNTY records are maintained.

(b) The CITY will provide the COUNTY with all necessary information for wire transfer for all funds due the CITY and the COUNTY will properly account for and distribute such funds by electronic transfer or other mutually agreed-upon method on a daily basis and notify the CITY Finance Director by 10:00 a.m. each day of amounts to be transferred.

(c) The COUNTY shall provide the CITY with all necessary and required reports in such format and detail to enable the CITY to prepare and record the necessary financial transactions. Such reports shall be mutually agreed upon by the CITY and COUNTY Finance Directors.

(d) The COUNTY shall provide the CITY'S designated staff and External Auditors, during regular business hours, access to the CITY Tax Receivables' daily cash transactions, and other records pertaining thereto to the fullest extent practicable.

(e) The CITY shall provide the COUNTY Tax Collection Office with access, to the extent legally allowable, into the CITY'S water service system, privilege license system, and any other systems that the CITY deems to be beneficial in the collection of CITY Taxes.

6. **Maintenance of a Tax Department Branch Office Located in the CITY.** The COUNTY shall maintain a Tax Department branch office for the collection of taxes owed to the CITY. Said branch office shall be located in the City of High Point.

7. **Pro Rata Payments.** The COUNTY shall distribute part payments received from CITY taxpayers on a proportionate basis between taxes owed the COUNTY and the CITY, such distribution to be on the basis of respective tax rates, after all interest and penalties are first paid.

8. **Delinquent Taxes, Foreclosure.** COUNTY shall advertise for CITY all delinquent ad valorem taxes covered by this agreement that constitute a lien on real property in the same advertisement in which the COUNTY advertises its delinquencies. COUNTY shall perform all foreclosure proceedings when applicable to CITY tax liens covered by this agreement to the extent permitted by law. In the discretion of County's Tax Collector or its counsel, any tax foreclosure proceeding may include other liens held by either Party which are proper for inclusion in tax foreclosure proceedings. The CITY retains the right to initiate foreclosure on any CITY liens and to include CITY tax liens in such foreclosure actions, if it so chooses. If the CITY intends to bring a foreclosure action on a property on which the COUNTY has

a lien which is proper for inclusion in the action, the County Tax Collector or County Attorney may authorize the City Attorney bringing such action to include any COUNTY liens which are proper for inclusion in the action, including COUNTY tax liens, and to coordinate with COUNTY's legal staff in such action with respect to such lien(s), subject to the approval of the City Attorney.

9. **Discount Rates.** The CITY Council and the Board of COUNTY Commissioners shall determine their respective early discount rates subject to approval by the State Department of Revenue, pursuant to G.S. §105-360.

10. **Refunds and Rebates.** Applications from CITY taxpayers for refunds and rebates for CITY taxes shall be considered by the COUNTY and determined in the same manner as applications for refunds and rebates on COUNTY taxes. CITY refunds will be deducted from daily transfer amounts due CITY.

11. **Adoption of Tax Rates.** The CITY will make every effort to adopt its tax rate not later than July 1 of any fiscal year. However, in the event it is necessary to adopt an interim budget, the CITY will adopt its tax rate not later than August of that fiscal year pursuant to G.S. §105-347.

12. **Costs for Billing and Collection.** The COUNTY shall incur all costs for preparing, printing, billing and collecting the CITY tax bills, including follow-up notices.

13. **Annexations.** The CITY agrees to make every effort concerning involuntary annexations, to make such annexations effective on June 30<sup>th</sup> prior to the ensuing fiscal year. With respect to voluntary annexations, the CITY will provide the COUNTY information on the date of annexation of each such boundary annexation, and the COUNTY shall prorate taxes due the CITY and collect them accordingly.

14. **Acquisition upon Foreclosure.** In the event a tax foreclosure results in a tax foreclosure sale of property located in the CITY, the CITY agrees to bid on the property in an amount sufficient to cover all CITY and COUNTY ad valorem taxes. If CITY is the high bidder at a confirmed tax foreclosure sale and elects pursuant to N.C.G.S. 105-376(b) to pay "only that part of the purchase price that would not be distributed to it and other taxing units on account of taxes, penalties, interest, and such costs as accrued prior to the initiation of the foreclosure action under G.S. 105-374 or docketing of a judgment under G.S. 105-375," then CITY shall declare the property surplus and offer it for sale within 180 days of the confirmation of sale then proceed expeditiously to obtain any necessary approvals and to close the sale. COUNTY, through its Tax Director or his/her designee, may on a case by case basis extend the time to declare property surplus and offer it for sale and/or to close the sale when, in his/her discretion, sufficient justification exists. The proceeds of any such surplus property sale shall be distributed in accordance with N.C.G.S. 105-376. With respect to properties which CITY has asked COUNTY to prioritize for tax foreclosure as part of CITY's redevelopment efforts (commonly referred to between the parties as "preferred properties"), if CITY is the high bidder at a confirmed tax foreclosure sale, CITY will pay the full amount of its bid rather than defer any portion of the purchase price. None of the foregoing shall prevent CITY from keeping any property that it acquires through a tax foreclosure sale for a public purpose, in which case CITY shall pay the full amount of its bid.

15. **Bankruptcy Proceedings.** The COUNTY shall file the CITY'S claim for ad valorem taxes due in all proceedings under the Bankruptcy Act.

16. **Annual Payment to COUNTY.** The annual fee for collection services for each fiscal year shall

be payable by December 31 of that fiscal year and shall be calculated based on 0.62% of the collections (not including any registered motor vehicle revenue) for the fiscal year ended June 30 of the prior year. Thus, the payment due December 31, 2016 is 0.62% of the collections (not including any registered motor vehicle revenue) for the fiscal year ended June 30, 2015, which comes to \$323,527.00.

**17. Termination.** This Addendum to Interlocal Agreement may be terminated by either Party by providing twelve (12) months' notice prior to the start of the next fiscal year. Upon notice of termination of the Interlocal Agreement, the COUNTY shall deliver to the CITY all tax records, in a customary electronic data format, or in whatever form held in its hands, pertaining to its listing, billing, and collecting, consistency of the tax bills, tax scrolls, and other related records by February 1 of the fiscal year in which the termination shall be effective. The COUNTY shall continue to collect current and delinquent taxes through June 30 of the fiscal year in which the termination shall be effective. Upon termination of the Addendum to Interlocal Agreement the COUNTY shall provide a full accounting to the CITY of the status of all tax collections. After June 30 of the fiscal year in which the termination becomes effective, the COUNTY shall not be further obligated either as to current or delinquent taxes due to the CITY.

**18. Entire Agreement.** This Addendum to Interlocal Agreement, including all exhibits or attachments if any, sets forth the entire Agreement between the Parties regarding the services and matters set forth herein. All prior conversations or writings between the Parties hereto or their representatives on this subject matter are merged within and extinguished. This Addendum to Interlocal Agreement shall not be modified or amended except by a written instrument executed by duly authorized representatives of the Parties herein.

**19. Notice.** Notice under this Addendum to Interlocal Agreement shall be deemed sufficient upon the mailing to the Parties by certified or registered mail at the following locations:

GUILFORD COUNTY  
County Manager  
P.O. Box 3427  
Greensboro, NC 27402

CITY OF HIGH POINT  
City Manager  
P.O. Box 230  
High Point, NC 27261

**20. Jurisdiction.** The Parties agree that this Addendum to Interlocal Agreement is subject to the jurisdiction and laws of the State of North Carolina. Both Parties will comply with applicable laws, including N.C.G.S. §143-129(j) regarding E-Verify. Any controversies arising out of this Addendum to Interlocal Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina.

**21. Iran Divestment Act.** In accordance with N.C.G.S. §143C-6A-5(a), each Party certifies that it is not identified on the list created by the State Treasurer pursuant to N.C.G.S. §143C-6A-4 of persons that the Treasurer has determined engage in investment activities in Iran.

IN WITNESS THEREOF, the Parties have executed this Addendum to Interlocal Agreement in their respective names and titles, by their proper officials, all by the authority of appropriate resolutions of the governing bodies of each of the taxing units, duly adopted, as of the day and year first written above.

ATTEST:

**GUILFORD COUNTY**

By: \_\_\_\_\_  
Guilford County Clerk to Board  
  
(COUNTY SEAL)

By: \_\_\_\_\_  
Marty K. Lawing, Guilford County Manager

ATTEST:

**THE CITY OF HIGH POINT**

By: \_\_\_\_\_  
City Clerk  
  
(CITY SEAL)

By: \_\_\_\_\_  
Jay W. Wagner, Mayor

APPROVED AS TO FORM  
AND LEGAL SUFFICIENCY:

This instrument has been preaudited in the manner  
required by the Local Government Budget and  
Fiscal Control Act.

By: \_\_\_\_\_  
City Attorney

By: \_\_\_\_\_  
City Finance Director