

**MINUTES OF MEETING OF THE
CITY COUNCIL OF THE CITY OF SANFORD
SANFORD, NORTH CAROLINA**

The City Council met at the Sanford Municipal Center, 225 E. Weatherspoon Street, on Tuesday, January 16, 2018, at 6 p.m., in Council Chambers. The following people were present:

Mayor T. Chet Mann
Council Member Sam Gaskins
Council Member Charles Taylor
Council Member James Williams
City Attorney Susan Patterson
Deputy City Clerk Vicki Cannady

Council Member Byron Buckels
Council Member Jimmy Haire
Council Member Norman Charles Post, III
City Manager Hal Hegwer
City Clerk Bonnie Davis

Absent:

Mayor Pro Tem Rebecca Wyhof Salmon

CALL TO ORDER

Mayor Mann called the meeting to order and offered condolences to Mayor Pro Tem Wyhof Salmon on the recent passing of her father. Council Member Buckels delivered the invocation. The Pledge of Allegiance was recited.

PUBLIC COMMENT (Exhibit A)

Stephanie Sellers, of 3866 Pilson Road, Cameron, asked Council to consider a graduated program to ban dog tethering, beginning in the City and moving to the County (see Exhibit B). She has researched this issue for more than a year and suggested that a graduated program could work in Sanford and Lee County.

Annie Akers, of Clearwater Drive, announced that First Apostolic Church will begin offering ESL (English as a Second Language) classes at the church, beginning February 4, from 9:45 a.m. until 10:30 a.m., and continuing on Sunday mornings in February and March (see Exhibit C). They will use "Express Ways" curriculum (recommended by other ESL programs) to teach conversational English, to improve communication skills, and to teach interview skills and techniques for completing job applications to those seeking employment. It will be open to speakers of all languages and ethnicities, and child care will be provided in Sunday School classrooms.

APPROVAL OF AGENDA

Council Member Gaskins made a motion to approve the agenda; seconded by Council Member Taylor, the motion was unanimously approved.

CONSENT AGENDA

Council Member Gaskins made a motion to approve the consent agenda. Seconded by Council Member Post, the motion carried unanimously.

SPECIAL AGENDA

There were no items on the Special Agenda.

CASES FOR PUBLIC HEARING

Public Hearing on an Economic Development Project through a Lease of a Newly Constructed Spec Building from CC Enterprise Park, LLC (Exhibit D)

Bob Joyce, Sanford Area Growth Alliance (“SAGA”) Economic Development Director, explained that this “spec” (speculative) building project has been discussed by the SAGA Product Development Committee for quite some time since it became apparent that constructing a spec building would be one of the best steps to draw more new businesses to our community.

Mayor Mann opened the public hearing. Mr. Joyce, who provided plan details at the Council Workshop meeting on January 9, explained that there are very few modern industrial buildings available for sale in our area and an offer has just been made on one, leaving only a couple of buildings larger than 50,000 square feet. In response to questions from that workshop meeting, Mr. Joyce stated that 70 project Requests for Information were submitted in 2016 and 2017 when buildings were available, but we would now have to submit a “no response” to requests for buildings with ceiling heights in excess of 20 feet. Of those 70 requests, 39 were for buildings in the 100,000 square foot range, which his office believes is the “sweet spot”, confirming information received from other sources. As discussed, this would be a “Class A” building in a prime location – Lot 1 at the corner of Colon Road and Enterprise Park Drive. The appropriate size and configuration has been determined and there is very little competition for buildings of this size and type in the central part of the state and there are no plans to build spec buildings in the adjoining counties other than in Wake County, which is much less competitive financially. The targeted industry would be precision manufacturing but the building would be suited for a wide range of uses. A two-year lease has been proposed with an option for a third year, at a lease rate at \$3.25 per square foot per year, which is comparable to local rates and substantially below Triangle rates. Project terms would be summarized in a Memorandum of Understanding (“MOU”) and resolutions by the City and County, possibly using SAGA as a vehicle.

Mr. Joyce explained that the building, and equipment (once the building is occupied), would add to the tax base and provide the City and County with market visibility. The average manufacturing facility in the state employs about 75 people and would generate, at our average wage of \$38,200 (per the Department of Commerce) about \$2.8 million in payroll annually, along with approximately \$8.5 to \$9 million in local spending.

City Attorney Susan Patterson provided details of the arrangement by explaining that the City proposes to participate in this economic development project through the lease of a newly constructed spec building. CC Enterprise Park, LLC, will contribute the land; and Samet Corporation will acquire financing and construct a building approximately 100,000 square feet in size, worth approximately \$4 million. The building, which will be located in the City, will be leased to the City and Lee County for up to 24 months, with the option for a third year, at a lease payment of up to \$13,541.67 per month (\$325,000 annually) for up to 24 months. If Council elects to proceed with this project, a resolution would be adopted authorizing the project, approving a memorandum of understanding and authorizing a lease. The building will be used, until it is sold to an end-user, for site visits in order to market and entice businesses and industries to the City and County, to market Lee County and Sanford as a whole to business and industries, and to expand in or relocate to the city. The MOU includes a deadline of July 31, 2019, for construction to be complete. Attorney Patterson noted that Council must find that the project will increase the tax

base; stimulate the local economy; create jobs; encourage business and industry to locate in the city; and promote business in the City.

Kirk Bradley (managing partner of CC Enterprise Park, LLC) advised Council that construction will likely take about nine months but the building will be marketable during that time since prospective clients will be able to tour and inspect the building. He reiterated Mr. Joyce's comment that having a spec building offers prospective businesses the opportunity to be operational within 90 days, rather than nearly a year, and pointed out that the spec building will not be ready for occupancy upon completion, because the builder will leave some features incomplete so they can be customized by the ultimate tenant.

Mayor Mann closed the public hearing.

- Approval of Resolution Authorizing an Economic Development Project for CC Enterprise Park, LLC and Approving a Memorandum of Understanding and Authorizing a Lease (Exhibit E)

Council Member Williams made a motion to approve the Resolution Authorizing an Economic Development Project for CC Enterprise Park, LLC, and approving a Memorandum of Understanding and Authorizing a Lease. Seconded by Council Member Gaskins, the motion carried unanimously.

DECISIONS ON PUBLIC HEARING

There were no decisions on public hearings.

REGULAR AGENDA

Audit Presentation for Fiscal Year June 30, 2017, by Joyce and Company (Exhibit F)

Financial Services Director Beth Kelly introduced Keith Joyce, partner with Joyce and Company, who delivered an overview of the June 30, 2017, audited financial statements. He reviewed the governance letter (Exhibit F-2) confirming that there were no problems performing the audit, and noted that the City implemented Government Accounting Standards Board Statement No. 73 during the fiscal year, a new method required by national standards to present the total liability for the local government retirement system, which caused a decrease to our net position of roughly \$3.1 million between the Utility and Governmental funds, but not our fund balance. He encouraged anyone with questions to contact his office. Mrs. Kelly explained that the Comprehensive Annual Financial Report ("CAFR") is available on the city's website and hard-bound copies would be available soon and that the Popular Annual Financial Report ("PAFR") is also being printed.

Resolution Authorizing Council to Enter Into a Ten-Year Lease with the Hugger Mugger, LLC, and Approval of Lease (Exhibit G)

City Attorney Susan Patterson explained that this lease is for the small strip of land (shown on exhibit map) that the Hugger Mugger would like to use for additional parking, dumpster enclosure and outdoor events. The lease does not include the retaining wall on the strip, for which the City has reserved an easement for maintenance and repair.

Council Member Post made a motion to approve the Resolution Authorizing Council to Enter Into a Ten-Year Lease with the Hugger Mugger, LLC, and Approval of Lease; seconded by Council Member Gaskins, the motion carried unanimously.

NEW BUSINESS

Ordinance Amending the Annual Operating Budget for the City of Sanford for Fiscal Year 2017-2018 – Street Resurfacing (Exhibit H)

Financial Services Director Beth Kelly explained that the City will be closing on the \$3.5 million installment purchase loan on January 17, with \$2.5 million going back to the City as reimbursement for streetscape project expenses and \$1 million for street resurfacing. Since Council previously approved \$995,000 for street resurfacing, the balance of \$5,000 will be applied to the resurfacing contract.

Council Member Gaskins made a motion to approve the Budget Ordinance Amendment for Street Resurfacing; seconded by Council Member Taylor, the motion carried unanimously.

Capital Project Ordinance Amendment – Streetscape Project No. B1403 (Exhibit I)

Financial Services Director Beth Kelly explained that this capital project ordinance amendment documents the installment purchase proceeds of \$2.5 million, the transfer of \$2,456,250 for the project, and the balance of \$43,750 for administrative costs in issuing the debt.

Council Member Gaskins made a motion to approve the Capital Project Ordinance Amendment for the Streetscape Project No. B1403; seconded by Council Member Williams, the motion carried unanimously.

Ordinance Amending the Annual Operating Budget for the City of Sanford for Fiscal Year 2017-2018 – Streetscape Project No. B1403 (Exhibit J)

Financial Services Director Beth Kelly explained that this budget ordinance reflects the capital project addressed in the item above.

Council Member Buckels made a motion to approve the Budget Ordinance Amendment for Streetscape Project No. B1403; seconded by Council Member Gaskins, the motion carried unanimously.

Agreement with CSX Transportation for the Moncure Mega-Site Sewer Extension (Exhibit K)

City Engineer Paul Weeks explained that encroachment agreements are standard for the City when utilities are located beneath railroad tracks. This agreement addresses the area in the southwest corner of the airport property (near the green pentagon on exhibit map). Funds are available for this one-time payment but if the railroad determines that flaggers are needed onsite during the operation, that expense would be addressed separately.

Council Member Gaskins made a motion to approve Encroachment Agreement No. CSX850009; seconded by Council Member Post, the motion carried unanimously.

Agreement with CSX Transportation for the Moncure Mega-Site Sewer Extension (Exhibit L)

City Engineer Paul Weeks explained that this agreement (the second of two encroachment agreements- see prior item) addresses the area near the termination of the Moncure sewer extension. Funds are available for this one-time payment but if the railroad determines that flaggers are needed onsite during the operation, that expense would be addressed separately.

Council Member Gaskins made a motion to approve Encroachment Agreement No. CSX850010; seconded by Council Member Post, the motion carried unanimously.

Local Match for 2018 Urgent Repair Project Application

Management Analyst Holly Marosites explained that this item addresses the local match required for the City's 2018 Urgent Repair Program application for \$100,000, which is being completed by Community Development Manager Karen Kennedy. She reminded Council that in the past, the City and County have each contributed 50 percent of the required match, which is \$5,000.

Council Member Post made a motion to approve the Local Match for the 2018 Urgent Repair Project Application; seconded by Council Member Buckels, the motion carried unanimously.

OTHER BUSINESS

Council Member Taylor expressed condolences to Mayor Pro Tem Wyhof Salmon on the recent passing of her father and noted that Dr. John Wyhof was granted many patents for toner cartridges while he worked with Static Control. He encouraged citizens to register for notifications (including weather updates, trash pickups) through the City's website and thanked the Fire, Police and Public Works Departments for their work during weather events. He reminded everyone that the "Point in Time" count (which documents the number of homeless people in an area) will be held on January 31 and this information is instrumental in procuring funding. He commented that the S3 Housing Connect Task Force met last week and their work to fight homelessness is continuing. The emergency shelter has housed as many as thirteen (with a maximum capacity of 20) since they began operating at the Bread of Life facility.

Mayor Mann praised work done by everyone involved with the S3 Housing Connect Task Force, especially with the recent unseasonably cold weather. He also expressed condolences to Mayor Pro Tem Wyhof Salmon and thanked everyone involved with the recent weekend celebration of Dr. Martin Luther King, Jr. Day, expressing gratitude to be in a community that works together to prevent conflicts. The Mayor expressed disappointment that Sanford was not chosen for the soon-to-be constructed Toyota-Mazda plant, but reminded everyone there are many other upcoming projects and encouraged continued investment for economic development. He announced that the next Citizens Academy will begin in February; encouraged interested parties to apply for an opening on the Sanford Housing Authority board; and encouraged citizens to enroll in the City's alert system on the city's website.

CLOSED SESSION

Council Member Gaskins made a motion to go into Closed Session pursuant to N.C.G.S. 143-318-11(a)(3) to consult with an attorney employed or retained by the public body to preserve the attorney-client privilege; and N.C.G.S. 143-318-11(a)(5) to instruct the public body staff on a position to be taken in negotiating the price or other material terms of a contract or proposed contract for the acquisition of real property by purchase, option, exchange or lease. Seconded by Council Member Buckels, the motion carried unanimously.

ADJOURNMENT

Council Member Taylor made the motion to adjourn the meeting; seconded by Council Member Post, the motion carried unanimously.

City Council Meeting
January 16, 2018

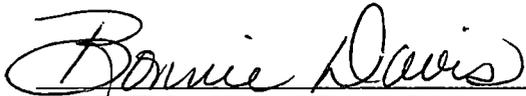
**ALL EXHIBITS CONTAINED HEREIN ARE HEREBY INCORPORATED BY
REFERENCE AND MADE A PART OF THESE MINUTES.**

Respectfully Submitted,



T. CHET MANN, MAYOR

ATTEST:



BONNIE DAVIS, CITY CLERK