

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

The City Council met remotely through electronic connections (Office Suite HD software) on Tuesday, May 5, 2020, at 6 p.m., with the Mayor presiding from the Council Chambers of the Sanford Municipal Center, 225 E. Weatherspoon Street. The following people were connected (“present”) and participated remotely in the meeting:

Mayor T. Chet Mann
Council Member Sam Gaskins
Council Member Charles Taylor
Council Member Rebecca Wyhof Salmon
City Manager Hal Hegwer
City Clerk Bonnie Davis

Mayor Pro Tem Byron Buckels
Council Member Jimmy Haire
Council Member Norman Charles Post, III
Council Member James Williams
City Attorney Susan Patterson
Deputy City Clerk Vicki Cannady

CALL TO ORDER

Mayor Mann called the meeting to order and explained that it was being held electronically due to precautions related to the COVID-19 pandemic. Council Member Taylor led the invocation and the Pledge of Allegiance was recited.

PUBLIC COMMENT (Exhibit A)

There were no requests for public comment. *NOTE: The Notice of Electronic Meeting (attached hereto as Exhibit A) directed that anyone who wanted to make a public comment at this meeting should email or contact Deputy City Clerk Vicki Cannady and the comments would be read aloud during the meeting; however, no requests were received.*

APPROVAL OF AGENDA

Council Member Taylor made the motion to approve the agenda, which was seconded by Council Member Post. Mayor Mann conducted a roll call vote and the motion carried unanimously.

CONSENT AGENDA

City Council Work Session Minutes dated January 14, 2020 (filed in Minute Book 100)

Minutes of Joint Meeting – Sanford Area Growth Alliance, Lee County Commissioners, Town of Broadway Commissioners, and Sanford City Council – dated January 23, 2020 (filed in Minute Book 101)

City Council Meeting Minutes dated February 4, 2020 (filed in Minute Book 101)

Special Meeting Minutes dated February 11, 2020 (filed in Minute Book 101)

City Council Work Session Minutes dated February 11, 2020 (filed in Minute Book 101)

City Council Retreat Meeting Minutes dated February 20, 2020 (filed in Minute Book 101)

City Council Retreat Meeting Minutes dated February 21, 2020 (filed in Minute Book 101)

City Council Meeting Minutes dated March 3, 2020 (filed in Minute Book 101)

City Council Meeting Minutes dated March 17, 2020 (filed in Minute Book 101)

Council Member Gaskins made a motion to approved the Consent Agenda, which was seconded by Council Member Salmon. Mayor Mann conducted a roll call vote and the motion carried unanimously.

SPECIAL AGENDA

There were no items on the special agenda.

CASES FOR PUBLIC HEARING

Public Hearing – Municipal Service District Expenditures (Exhibit B)

Financial Services Director Beth Kelly reviewed expenditures as shown on the attached exhibit.

Mayor Mann opened the public hearing. Downtown Sanford, Inc., Executive Director Kelli Laudate responded to a request from Council Member Taylor for additional details on advertising expenses by explaining that advertising outside of Lee County is included. With no speakers, Mayor Mann closed the public hearing.

Council Member Williams made a motion to approve the Municipal Service District expenditures, which was seconded by Council Member Post. Mayor Mann conducted a roll call vote and the motion carried unanimously.

DECISIONS ON PUBLIC HEARINGS

There were no decisions on public hearings.

REGULAR AGENDA

There were no items on the regular agenda.

NEW BUSINESS

DSI StreetFest Schedule for the Fall

Mayor Mann explained that no vote was needed for this item, he was only seeking consensus. Downtown Sanford, Inc. (“DSI”) Director Kelli Laudate informed Council that the fourth Streetfest and Fireworks Festival was scheduled for October 10, 2020 but the DSI board recommends cancelling it this year because it is a sponsored event. They have also cancelled the 2020 music series and plan to use advertising funds to support and promote downtown and to establish and grow the farmers market downtown.

Council Member Taylor questioned whether provisions could be made to allow low-key entertainment in connection with the market and how large numbers of people attending the market differed from large groups attending concerts. Ms. Laudate explained that they are comfortable with the current arrangement because the people visiting the market weren’t all gathered at the same time as people would be at a concert. Ideas for other events have been considered and they hope to have a local concert perhaps in October. The problem with planning for future events is the uncertainty and the requirement for deposits, which may not be refundable. They have also discussed plans for Christmas in Depot Park and hope that Santa will be able to appear but with less exposure to large numbers of children, perhaps by lighting the tree and train and collecting letters. Regarding entertainment contracts,

four bands known throughout North Carolina had been booked with a commitment of approximately \$10,000 for August and September. Those contracts can be extended through next year and if Council approves, she will book them for next year's music series. She requested approval to contract with Deep South Entertainment to guide DSI through entertainment programs for a music festival and they approved an extension through next year at no additional cost. Mayor Mann suggested that decisions be made monthly since the current situation is so fluid.

Mayor Mann questioned whether there was consensus and Council members indicated they were comfortable with the recommendations.

Council Member Gaskins requested additional information regarding use of the King Roofing building on Charlotte Avenue to extend the farmers market. Ms. Laudate stated that the market has returned downtown, in the rear parking lot of the Buggy Building. When public restrooms are reopened at Depot Park, it can be held there. The market had been held at the Cooperative Extension Service but since the McSwain Center was not allowed to open, County Extension Director Dr. Bill Stone asked DSI to host it this year. Dr. Stone will help with grant applications to fund a permanent structure downtown for the market and DSI is seeking guidance from the Mayor and Council on a permanent location at the Buggy Building parking lot or the King building. Mayor Mann questioned the logistics of using the King building idea and Mr. Hegwer explained that staff has not investigated using it for the farmers market. He noted that the building has some challenges but will research it and report back to Council. Mayor Mann suggested we consider that option until the market evolves into something more permanent and that Council address this possibility at a workshop meeting in more detail. Ms. Laudate confirmed that she spoke to Zoning Administrator Amy McNeill about the King building, and she confirmed it meets zoning requirements for what would be necessary, as long as the fact that the building is located within a flood plain is not an issue. Mayor Mann noted there was consensus to move forward.

COVID-19 Sick Leave (Exhibit C)

Human Resources Director Christy Pickens reminded Council that City Manager Hegwer requested an amendment to the City's sick leave policy approximately six weeks ago to provide employees with an additional 240 hours sick leave hours for COVID-19 related absences. At the time of the recommendation, staff knew the federal government was working on legislation that would also provide paid time for COVID-19 related absences. Two laws have been enacted since that time and staff just learned that one portion of the Emergency Paid Sick Leave Act ("EPSL") provides up to 80 hours of paid time for COVID-19 related absences to employees, in addition to the 240 hours recommended by City staff. The law basically clarified that the 240 hours provided by the City would be separate from the federal government's EPSL and Emergency Family Medical Leave Acts. While the intent of the City's offering 240 additional hours of sick leave was to help employees through this unusual and uncertain time, the result is a total of 320 hours of additional sick leave for COVID-related absences. Since the only way to modify this is to modify the amendment to the City's sick leave policy, Ms. Pickens recommended that Council revise the City's 240 sick leave hours to 160, with the understanding that the other 80 hours would be available through the EPSL Act approved by the federal government. Mayor Mann noted that there has been no confirmed case of COVID-19 among City staff and thanked staff for observing proper protocols and hygienic recommendations.

Council Member Gaskins made a motion to approve the amendment but requested that the 240 hours of City sick leave remain in place for a total of 320 total, noting that the disease does not go away quickly. City Attorney Patterson explained that the amendment providing 240 by the City had already been approved and a motion could be made for it to remain unchanged, with the 80 hours provided by

the federal legislation be added to it. Council Member Gaskins withdrew his motion and made a motion that the City policy provided by the City remain unchanged and Council Member Post seconded the motion. Council Member Taylor requested confirmation that this motion would essentially authorize a total of 320 hours or eight weeks of sick leave. Attorney Patterson explained that the interpretation has been made that once the federal act became effective, it provided additional time to any sick leave already granted by institutions and entities, and the City enacted its policy prior to the federal legislation. Mr. Hegwer stated that the goal was to clarify Council's approval, since staff was not aware when the original amendment was made that federal legislation was in addition to the City's. Ms. Pickens noted that one City employee is currently near exhausting the 240 total hours and must self-quarantine for additional time on the advice of his physician. Mr. Taylor asked how the City is prepared to mitigate additional time, particularly with first responders, or any department where we are seeking employees, and how it could impact response times. Mr. Hegwer explained there is no problem at this time and staff is doing everything possible to mitigate the potential for employees contracting or spreading the disease, including social distancing and working from home. Staff is working with other agencies to ensure public and staff safety and to reduce any unnecessary interaction. He also noted that the overwhelming majority of staff will continue to work and never need this leave but it will be in place for the very few who do.

Mayor Mann conducted a roll call vote on the motion, which was unanimously approved.

Special Assessments and Special Assessment Improvement District – Galvin's Ridge and Laurel Oaks Developments (Exhibit E)

Marion Uter, with Criteria Development, explained that Galvin's Ridge and Laurel Oaks are Criteria's fifth and sixth projects in North Carolina. They have used Special Assessment Improvement District ("SAID") bonds on six projects in two other states and they have been very successful for the company and communities. His company asked Pfil Hunt (with the Wrathell, Hunt & Associates Law Firm) to research using SAID bonds in North Carolina to help finance these projects. Mr. Uter suggested there would be no liability for the City and the bonds would help move development forward.

Mr. Uter reviewed the Galvin's Ridge Master Plan and explained that they plan to develop the project in four or five phases over four years, with a goal of beginning this July and constructing continuously through 2024. They have their own construction company and their builder has committed to an aggressive schedule of at least 100 homes annually but he anticipates more. He also reviewed the Laurel Oaks Master Plan, planned for development in three phases paralleling the Galvin's Ridge project, beginning in July and completing in July 2023. They also plan to construct at least 100 homes annually in Laurel Oaks but if the market can accept more, their builder and lot supply will support it.

Joe Lucas, Attorney for Criteria Development (with the Pope Flynn Law Firm of Charlotte), informed Council that his firm has done SAID bond work in North Carolina and South Carolina for some time. He reviewed the process; advantages to the City, developer, and residents; and reasons why SAID bonds can be effective. He noted that North Carolina has historically had some assessment authority limited to streets and sidewalks but during the financial crisis of 2009, he and one of his law partners worked with the Senate on legislation for North Carolina. Two developments have been done in the state since it was approved, one in Hillsborough (2013) and the other in Mooresville (2015), and he worked on both (as bond Counsel in Mooresville and underwriters' Counsel in Hillsborough). Since this tool isn't familiar in this area, he explained why it is effective and how it can be a good tool for both City and developer. Mr. Lucas explained that additional authority was layered to allow for fairly quick critical development infrastructure needs in a specified district, with a process for landowners to petition to create a district and assess only properties in that district that benefit from the infrastructure. The

infrastructure, in this case primarily water, sewer, stormwater and streets (all items that “seed” the development), must be owned by a public entity, not the private developer. The assessments are liens against the property and are superior to all liens (such as mortgages) other than taxes. The legislation also includes bonding authority for cities and counties and allows the issuance of bonds that are secured solely by and payable solely from revenue generated from the assessments; no other general obligation pledge, budgetary utility revenues, or general fund revenues are used, and no City funds are committed.

Mr. Lucas reviewed the bond issuance process as laid out in the statute and noted that this request has been accelerated because the legislation is scheduled to expire on July 1, 2020. It was set to expire in 2013 and there have been several extensions but none is currently scheduled. He stated that Criteria has experience using SAID bonds, have a team who knows how they work and want to familiarize Council with the process. The landowners would submit a petition to the City to create a district that can be non-contiguous, which is the case with Laurel Oaks and Galvin’s Ridge. The petition, which has been drafted and submitted for review, would include a description of infrastructure projects, total estimated cost and estimated cost to be paid from special assessments. A majority of landowners who own property worth at least 66 percent of the assessed value must sign the petition, and in this case, all of the landowners will be signing. It would be submitted to the City, then the City would adopt a Preliminary Assessment Resolution (“PAR”) setting a date and time for a public hearing to be held at least three weeks after the PAR is adopted. If there is consensus to move forward, another meeting would be required next week, a public hearing set for three weeks later, and the final Assessment Resolution could be adopted by Council no earlier than ten days after the public hearing. He noted that the assessment itself would not be imposed at this time; these steps are only to establish the district and prepare for the possibility of issuing bonds. The next step would be the issuance process and when the City and developer are ready, a preliminary assessment roll would be prepared and a public hearing held. If there were no issues or amendments, the roll would be confirmed and the special assessment would become a lien on the property. Bond approval would still be required by Council and the Local Government Commission (“LGC”). The intention with the first phase is for the developer to construct infrastructure and then seek reimbursement through the bonds, thus ensuring a structure acceptable to the City and LGC and creating a marketable bond at a better interest rate. The revenue bond process can run parallel with the assessment roll process to keep things moving forward and bonds can be offered and sold soon after Council and LGC approvals and confirmation of the assessment roll. He reminded Council that the infrastructure improvements for streets, water and sewer are publicly held projects and they are conveyed to the City and there is typically an agreement between the developer and the City regarding standards.

Regarding administration, Mr. Lucas explained that SAID bonds are typically administered by an outside third-party provider (such as Mr. Hunt’s firm), rather than City staff, and the administrator handles most of the paperwork. Fees and out-of-pocket expenses of the City, including any full-time or part-time employees required, would be covered through the assessments, which include project and administrative costs that are all detailed when the assessment roll is established. Regarding collections, cities and counties typically enter into intergovernmental agreements – Orange and Iredell County did so with the towns of Hillsborough and Iredell – to collect the assessments which are included as a line item on tax bills to owners in the districts who pay them with their taxes on an annual basis. He stressed there is no cost to the City and the process is streamlined so that the City incurs no liability.

Among the advantages to the City, Mr. Lucas stated that the infrastructure and development would be installed at no cost to the City, and bond, administrative and construction costs are paid through bond proceeds. District residents are assured that all critical infrastructure is in place early in the project with no partially completed roads, water or sewer lines. There is no impact on property outside or

bordering the district; there is no liability to the City nor is there an impact on the City's debt rating or debt limit since it is not considered City debt. In the event of default, bondholders have no recourse to the City: their remedy is not to accelerate the bonds but to force a tax sale, with the proceeds paying off assessments and current taxes, and the new owner taking title subject to taxes and assessments.

Among the advantages to the developer, Mr. Lucas explained that because they would be City-issued tax-exempt bonds, there is a lower interest rate and the financing can be extended up to 25 years, allowing for better cash flow and earlier project completion. He again noted that the developer will be constructing the first phase of infrastructure with the first bonds reimbursing that cost. For the homeowners, it creates a higher-quality development with higher-quality amenities; there is no fluctuation of the annual assessment payments; and they can be prepaid.

Regarding risks, Mr. Lucas explained that if default occurs, the City's name is on the bonds so some time may be required of staff and perhaps elected officials but generally, everything falls on the district administrator and bond trustee, who work with the bond holder to mitigate any potential risk.

Council Member Gaskins expressed several concerns, particularly with the short time frame. He noted that even though there is a third-party administrator, the bonds would involve additional work for the City, diverting resources, and hiring and laying off additional staff. He questioned why, if the SAID bonds work so well, the state would be dropping them and why other municipalities have not used them. He stated that the City already pays the County to collect city taxes and if the assessment is included on tax bills, it will be seen as an additional tax. The infrastructure will be required regardless and tax sales, if required, produce no additional revenue for the City. Based on recent information from the National League of Cities, it appears there will be a revenue shortage of 15 percent for May, June and all of the next fiscal year and SAID bonds would be an additional risk to the City. Mr. Lucas responded that homeowners will be informed of the assessment prior to closing on the purchase. He also suggested there is no expectation that the City will have to hire additional staff since adequate expenses will be included in administration costs. Regarding tax collection expenses paid to the county, the intergovernmental agreement would – at least the Mooresville and Hillsborough ones did – provide for a percentage of the assessments, typically one to two percent, to be held by the County as compensation; costs are included. Regarding why SAID bonds have not been used often in North Carolina, Mr. Lucas explained that the LGC was involved in both the Hillsborough and Mooresville transactions and both involved developers who were not experienced like Criteria and involved unimproved land (i.e., they were not proposing to install infrastructure before requesting reimbursement). He also suggested that the LGC is naturally inclined to favor traditional methods over those less familiar, but they have adapted. Recent conversations with LGC staff have been reasonably positive and they would likely be willing to work with the City on a project. Because the City has bond approval authority beyond July 1, establishment is the only portion of the project that must be completed prior to July 1. He also stated that the lack of momentum to extend the authority beyond July 1 is because the tool hasn't been used often.

Council Member Taylor questioned the origin and driving force behind this request, potential liabilities and impacts to the City, and how the project would be viewed in the bond market. Mr. Uter explained that the world has changed due to the COVID-19 pandemic. Conventional financing sources for developments like Galvin's Ridge and Laurel Oaks aren't currently available since many lenders are working on payroll protection loans and trying to keep existing customers afloat during this uncertain time. He stated that his company has spent several million dollars on these projects already and they are committing substantial equity to complete phase one, with their builder contributing almost \$6 million up front. Rather than abandon the project, Mr. Uter explained that they spoke with the landowners, who

are self-financing a good portion of the land, and he would hate to see these projects go by the wayside because of difficult times in the conventional market. He stated that the SAID bonds are issued, based on a formula, and they help keep prices down because infrastructure costs would be spread over 25 years rather than added up front to the lot prices (to the builder) and home prices (to home buyers). He informed Council that they have four active projects in North Carolina and have used the bonds in Louisiana and Florida, where other developers have used them in hundreds of developments. Criteria has used Mr. Hunt's firm as administrator on six of those projects with no issues and they have not had to hire additional staff. The administrator also handles tax reporting. He also noted they have sold all of their bonds through one bond company and he suggested that company wouldn't continue selling them if Criteria wasn't performing or was ever late on a payment. He acknowledged that he is asking a great deal of the City and hates to have to ask but Criteria needs them to make the projects work.

Council Member Post questioned how a SAID bond project would affect the City's Finance Department. Financial Services Director Beth Kelly explained that administration would likely be handled by Mr. Hunt's group and the only thing required of our Finance Department would be updating the interlocal agreement with the County regarding collection, since the assessment would be included on tax bills. The City would also have continuing annual disclosure requirements since the debt would include the City's name and an agreement would be needed to ensure that the necessary information would be provided to the City for posting on the Electronic Municipal Market Access website. Rebecca Joyner (with the Parker Poe Law Firm), City bond Attorney, confirmed that we would be responsible for ongoing disclosure obligations but an agreement is typically done to address this. She also cautioned that there would be a potential risk to the City if the information was not provided by the Criteria team.

Mr. Gaskins noted that while the City may not have much risk on the SAID bonds, they could affect the City's financial needs in the future. He questioned how frequently Criteria has used the bonds and requested reference information from cities where they have been used. Chad Cowan (with Hilltop Securities), the City's Financial Advisor, explained that he has had several conversations with ratings agencies who analyze debt and work with water, sewer and general obligation bonds, and both agencies indicated that SAID bonds would have no bearing on credit for water, sewer or general obligation bonds.

Mr. Taylor asked again about potential negatives and specific parties who drove the request. Mr. Uter responded that the property owners would sponsor the bonds and individual lot owners would pay the assessments. As infrastructure is constructed, lots are sold to the builder (D.R. Horton) and a statement given to purchasers notifying them of the assessment prior to purchase. He also noted that the assessment is fixed – it cannot be changed at any time during the term – and cannot exceed \$500 per lot annually. He explained that the first set of bonds would not be issued until after the infrastructure is installed and would be relatively small; however, a key is Criteria's request to pay the property owners, then issue bonds for infrastructure costs. There would then be an agreement between the City, developer and bond company explaining that when lots are sold to the builder, all of that bond issue is paid except the amount of the assessment, similar the way a payment would be made on a construction loan. He again noted the potential difficulty with institutional lenders in the current environment who are not likely to lend until approximately 500 homes are constructed, especially in a new area not yet "proven". His company, however, wants to go into areas they believe will grow.

Council Member Salmon noted that while she appreciates the creativity required during the COVID-19 pandemic, she needs information from the constituents' standpoint. She stated that this request would be separating a cost that would have been included in the price of the home with a mechanism to finance it, but if the assessment is included on tax bills for 25 years, it appears to be an

additional tax on residents who chose to live in Sanford because the original purchaser didn't pay that cost in the original purchase price. She questioned whether there is a method by which the expense is paid differently when the property is sold, and noted that Council members and City staff will get these questions for the next 25 years. Mr. Uter explained that the original purchaser must acknowledge disclosure of the assessment and the assessment transfers to the new owner when the property it is sold; however, subsequent purchasers will also pay less for the home because the infrastructure costs were never added to the price. If the developer charges the builder more for lots, the builder will then charge more for the house, so separating the assessment will reduce the price of the house since it is essentially financed over the term of the assessment (up to 25 years). If the assessment is an issue when the house is sold, the balance can be paid in full without penalty.

Regarding references, Mr. Uter informed Council that Criteria has used SAID bonds in West Trace and Livingston, Louisiana; Parrish, Manatee County and Bradenton, Florida, and assumed a project in Lakewood Ranch, Florida, and assessments on those projects are much more aggressive, approximately \$1,700 to \$1,800 annually. He also noted there are hundreds of subdivisions in Florida where assessments are used and they are typically used by national builders such as D.R. Horton Homes. Council Member Williams noted that Florida has no income tax but Mr. Urte pointed out that they have very high property taxes and that annual assessments are relative to home prices, so they are typically higher in Florida than North Carolina. He explained that they are two to five years old; one is completely sold out and all assessments have been made by the property owners or others in various stages of sale and will be passed along to property owners. He urged Council to remember that it is the bondholders who take the financial risk and they have no resource to the City. They are fairly sophisticated when looking at developments and appreciate the fact that a company like D.R. Horton is involved.

Regarding potential negatives, Mr. Uter explained that the largest risk would be if the bond proceeds were distributed to the developer without infrastructure being installed; however, inspections are done before funds are disbursed. In this particular case, infrastructure will be installed before any bonds are even issued, so there will not be a bond lien on any of property until 450 lots are developed, minimizing risk because bondholders would share risk and would be taking the same risk as a bank. Mr. Hunt explained that there is no financial or legal liability but there is a potential problem with third-party administration, which would be reduced by using a firm such as his familiar with this type project. That cost (possibly \$30,000 to \$50,000 annually) is included with the assessment and the money paid to the administrator who interfaces with the City. The potential for City staff time would be if there were a default and the City was required to send out notices of default. He worked on a project in Dallas, Texas (and Texas law works identical to that of North Carolina) and the key is strong third-party administration, which he suggested it would be similar in North Carolina.

Ms. Joyner pointed out that that the bonds would be in the name of City, whereas in Florida or Louisiana, they may be under a district name, and there may not be a clear perspective that the City is completely without risk if something were to go wrong. Although there may not be any impact on our credit, we have a relationship with the LGC on bond issuances that are not SAIDs, so a default could impact our relationship with the them, although it would be difficult to quantify to what degree.

Mr. Lucas noted that the driving force behind this request was not the land owners but a combination of developer and builder who have done SAID projects in other areas and were considered in order to make the projects work economically. He reviewed capital stacking (as shown on page 71) and noted it is just one tool, particularly in this current environment, but a necessary tool. Mr. Uter added that North Carolina is different because even if there is an agreement to do the SAID assessment, he

can't do it without coming back to City to confirm that 450 lots have been developed and sold to the builder. Since the City would have to issue the bonds, they are taking a fairly large risk that the City won't change the plan, which is not something Criteria typically does. He stated that he would obviously trust City representatives if they agree to move forward, but suggested they would be taking a larger risk than others because they would be bearing the expense to develop the first batch of lots. The financing market may loosen and it would be easier to develop the project but he wants to confirm that the bonds are an option if it doesn't, since he stated it would be a \$100 million expenditure and Criteria doesn't want to begin the developments unless they know they can finish them.

Mr. Lucas explained that the process would initially involve establishing the district (a three-step process) and the City and LGC would have approval rights over any bond issuance; the goal is to meet the threshold in the early stages. They recognize this is a new tool for the City and plan to build the best possible bond deal on the front end so the City and LGC are comfortable moving forward. He stressed there is no obligation to issue bonds by doing the first three steps; that will come after the fact.

Mrs. Kelly explained that no vote is required from Council tonight since this item will obviously require additional consideration; however, consensus is needed to schedule a special meeting for next Tuesday, May 12, prior to the regularly scheduled work session. If Council elects to move forward with the preliminary process, there are two options for meeting the developer's request to act before the July 1 deadline: a special-called meeting on May 12, or two special-called meetings in June.

Mr. Lucas stated that the final page of the exhibit (page 72) shows estimated infrastructure costs that must be included in the petition and preliminary assessment resolution. He reminded Council that this five-phase project would be done in four sections (two paired together) and the point of including this information is to illustrate that the \$30 million is not a single-bond issue; it would come in portions over time, with the first one done only after the first phase infrastructure is installed.

Mayor Mann thanked everyone for the information and questioned how Council wanted to proceed. He noted there is a potential for \$30 million bonds for a \$100 million project that could be significant for Sanford. He suggested holding a meeting on May 12 would be better than four meetings in June and noted there was consensus among Council to meet on May 12 for additional discussion.

Council Member Taylor requested that staff follow up with staff from other areas where Criteria has done SAID projects to investigate best practices and what they learned. Mr. Post requested information on what, if any, strain this would place on our Finance Department.

Appointments to Planning Board and Abuse on the Opioid Abuse Epidemic Commission (Exhibit F)

- Council Member Haire nominated Lewis Holder to the Alternate Position on the Planning Board; the term would expire June 30, 2022. Council Member Post made the motion to close the nominations. Council Member Taylor seconded the motion. The roll call vote was unanimous to close the nominations. Council Member Taylor made the motion to appoint Lewis Talmadge Holder to the alternate position on the Planning Board. Seconded by Council Member Post, the roll call vote was unanimous to appoint Lewis Talmadge Holder.
- Council Member Post nominated Laurie Conaty and stated that he spoke with the second applicant, Nathan Cochrane, who was willing to defer his application until annual appointments are made in June, at which time Mr. Post would encourage Council to appoint him. Council Member Taylor seconded the motion. Council Member Post made the motion to close the nominations. Council Member Gaskins seconded the motion. Mr. Post stated that both

applicants are very qualified and he spoke with fellow Opioid Abuse Epidemic Commission member Charles Taylor today and Mr. Taylor agreed. The roll call vote on the motion to close nominations was unanimous. Council Member Post made the motion to appoint Laurie Conaty to the unexpired term ending June 30, 2021. Seconded by Council Member Taylor, the motion carried unanimously by a roll call vote.

Request for Occupancy Tax Modification due to COVID-19 (Exhibit G)

City Attorney Susan Patterson informed Council that a request was received from one of the hoteliers for two modifications to the occupancy tax due to COVID 19: to waive remittance of the hotel and motel occupancy tax for the next four months, and to reimburse the occupancy tax remitted since January 2020 as a one-time grant due to losses during COVID-19. Attorney Patterson explained that there are issues with the request to waive the hotel tax for the next four months: the occupancy tax is for a fiscal year and it was put in place on July 1, 2019 through June 30, 2020 in accordance with North Carolina General Statute 160A-215. Any decision to collect or not to collect the tax could not be effective until after July 1, 2020. The request to waive remittance of the tax for the next four months would not be possible because you could only affect it going forward starting July 1, 2020. The hoteliers collect it from the occupancy of the rooms and remit it to the tax office; it does not add anything to the hotelier's revenue. The second request was to reimburse the occupancy tax remitted as a one-time grant. There are North Carolina constitutional prohibitions against making exclusive emoluments, which is a gift of public property to private entities. There is also a requirement that expenditures by local governments must serve a public purpose. Other businesses with COVID losses, such as bars or restaurants, may also need assistance so there will be problems with that part of the request as well. According to UNC School of Government Professor Tyler Mulligan, local governments can assist when disasters hit an area with loans, but those programs are complicated and the debt cannot be forgiven. It is also a problem when they are below market rate since that would mean the City acted as a bank and would be competing with conventional banks. The request is for a grant and there are prohibitions against that.

Council Member Charles Taylor made a motion to deny the request based on the information provided by counsel tonight. Mayor Pro Tem Buckels seconded the motion. The motion to deny the occupancy tax modification carried unanimously by a roll call vote.

Ordinance to Erect Stop Signs Within the City of Sanford – Chapter 36, Traffic Code of Ordinances – Lord Ashley Drive and Windmill Drive (Exhibit H)

City Manager Hal Hegwer explained that he received a request from Council Member Post for this item and the next item. This ordinance is a four-way stop sign on Windmill Drive at the intersection with Lord Ashley Drive, in both directions, in conjunction with the existing stop signs on Lord Ashley Drive; thereby, making this a four-way stop intersection.

Council Member Post made a motion to approve the Ordinance to Erect Stop Signs Within the City of Sanford – Chapter 36, Traffic Code of Ordinances at Lord Ashley Drive and Windmill Drive. Seconded by Council Member Gaskins. The motion carried unanimously in favor by a roll call vote.

Ordinance Establishing Speed Limit on Various Roads within West Sanford Area in the City Limits of Sanford (Exhibit I)

City Manager Hal Hegwer explained that this item was a request from Council Member Post and it reduces the speed limit from 35 MPH to 25 MPH on the streets listed on Exhibit I.

Council Member Post made a motion to approve the Ordinance Establishing Speed Limit on Various Roads Within West Sanford Area in the City Limits of Sanford. Seconded by Council Member Gaskins.

Mayor Pro Tem Buckels stated that he would like Council and staff to consider all residential neighborhoods within the City limits that could possibly move to a 25 MPH since we are moving toward a walkable city, perhaps as a talking point on a future agenda. Council Member Taylor concurred with Mr. Buckels because these are heavily travelled areas. Many other neighborhoods are experiencing the same issue. He recalled last year that Fairway Woods lowered their speed limit and at the time, Council Member Gaskins asked for crash data and reporting. He is supportive of this and would like to know if there were any speed studies or reporting from that area. Mr. Hegwer stated there have probably been several speed studies within that general area over the last several years. Typically, those speed studies come from concerned residents but he could not recall which streets. However, because this request came directly from a council member, he feels confident they have done due diligence and had conversation within the community. He believes Council Member Post has been fielding more inquiries and concerns about speed as more people are walking and there is a lack of sidewalks at those areas. Council Member Gaskins said he had requested information on Hermitage, which was done, and the area near Holiday Drive, so there has been a lot of concern. Mr. Gaskins thanked Mr. Post for bringing this issue up. There is a significant amount of concern from people in Westlake Valley residents. Mayor Mann thought it was a good idea as there are more younger families moving in. The motion carried unanimously by roll call vote. Mr. Taylor stated that he did not want Mayor Pro Tem Buckels' point lost because he felt this is something we need to look at within the interior of certain neighborhoods. He felt it would be easier for Police to enforce when they know the speed limit in a larger area and not just clearly defined streets.

Mr. Taylor stated that he has received a lot of complaints about golf carts in that area and young kids driving without lights. He has had this issue in his neighborhood and other neighborhoods have as well, and would like this issue to be considered as well.

OTHER BUSINESS

Council Members asked everyone to remain safe and wear masks when out in the public. The state is removing some restrictions but that does not mean the virus is going away; it will get worse. We can remove some restrictions because we have flattened the curve but that only means that hospitals will not be overwhelmed. Do not ignore precautions.

Mr. Hegwer reminded everyone of the workshop on May 12 and stated that we may hold a special meeting. He will be presenting the proposed budget on May 19 and it will be slightly different than talked about at retreat; we will still do what was discussed but it will take longer. Permits are still being issued. Project Audentes has requested a permit for their facility which is ongoing; we have also received a request for a shell building permit for Project Forge.

Mayor Mann stated that the City's public arts initiative is still going on with the butterfly wings on Charlie Watson Lane and Love locks has started at the Kiwanis Family Park. He has been in touch with SAGA, and they are extremely active with several projects interested in Sanford. We are dependent on the county for revenue projects and it is not going to be the same type of budget Council is used to seeing. Council may be in a situation that we need to pass a budget, then wait to see what we can do in January. He expressed concern for the community during the COVID 19 pandemic. We are trying to do all we can to shore people up while waiting to get to the next phase. The governor came out today

with ideas on Phase 1 and Phase 2. The National Day of Prayer will not be held but say a special prayer as it is needed now more than ever.

ADJOURNMENT

Mayor Pro Tem Buckels made the motion to adjourn the meeting; seconded by Council Member Gaskins, the motion carried in favor unanimously by a roll call vote.

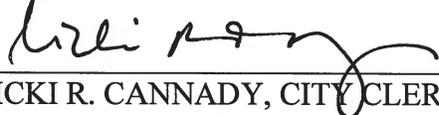
ALL EXHIBITS CONTAINED HEREIN ARE HEREBY INCORPORATED BY REFERENCE AND MADE A PART OF THESE MINUTES.

Respectfully Submitted,



T. CHET MANN, MAYOR

ATTEST:



VICKI R. CANNADY, CITY CLERK