

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 Wednesday, February 7, 2012, at 7 P.M., in the Council Chambers. The following people were present:

Mayor Cornelia P. Olive	Council Member L. I. (Poly) Cohen
Mayor Pro Tem Sam Gaskins	Council Member James Williams
Council Member Walter H. McNeil, Jr.	Council Member Charles Taylor
Council Member Jimmy Haire	City Clerk Bonnie D. White
Council Member Rebecca Wyhof	City Manager Hal Hegwer
City Attorney Susan C. Patterson	

Mayor Cornelia Olive called the meeting to order. A moment of silence was observed. The Pledge of Allegiance was recited.

**PUBLIC COMMENT**

No citizens signed up to speak.

**APPROVAL OF AGENDA**

Council Member Jimmy Haire made the motion to table Item 6F on the Consent Agenda – Approval of Selection of Design Firm (McGill and Associates) for Downtown Streetscape and Parking Lot until after the retreat. Council Member Charles Taylor seconded the motion. The motion carried five to two votes with Council Members Walter McNeil, Jr. and L. I. “Poly” Cohen casting the dissenting votes.

Mayor Pro Tem Sam Gaskins made the motion to approve the amended agenda. Seconded by Council Member Rebecca Wyhof, the motion carried unanimously.

**CONSENT AGENDA**

Approval of Law and Finance Committee Meeting Minutes Dated November 30, 2011 – (Filed in Vault)

Approval of City Council Meeting Minutes Dated December 20, 2011 – (Filed in Minute Book 77)

Approval of City Council Special Called Meeting Dated December 21, 2011 – (Filed in Minute Book 77)

Approval of Law and Finance Committee Meeting Minutes Dated January 11, 2012 – (Filed in Vault)

Approval of City Council Meeting Minutes Dated January 17, 2012 – (Filed in Minute Book 77)

Approval of Selection of Design Firm (McGill and Associates) for Downtown Streetscape and Parking Lot – (Exhibit A)

This item was tabled until after the retreat.

Approval of Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2011-2012 – (Fire Department) - (Exhibit B)

This ordinance amendment was approved to appropriate grant funds received for Assistance to Firefighters Grant No. EMW-2011-FO-00750 from the Department of Homeland Security, in the amount of \$260,778. It also appropriates the 10 percent matching funds of \$26,077 and the consultant's fee of \$4,694 (2 percent on the federal amount that was awarded), making a total of \$30,771 cost to the City to obtain the \$260,778 worth of self-contained breathing apparatus (SCBA) to replace the 43 old units.

**All of the above items were discussed at the Law and Finance Committee meeting on February 1, 2012.**

Mayor Pro Tem Sam Gaskins made the motion to approve the amended Consent Agenda. Council Member James Williams seconded the motion. City Attorney Susan Patterson advised that on Page 7 of the City Council minutes dated January 17, 2012, there is a small typo on the minutes. It is the listing of a vote. It would say "those voting no are," instead of those in favor (it was a negative motion). The vote was unanimous to approve the amended Consent Agenda with the change in the minutes.

**SPECIAL AGENDA**

**CASES FOR PUBLIC HEARING**

Public Hearing - Economic Development Incentives – Cloverleaf Cold Storage Company and Farmers Produce - Request by Lee County Economic Development Corporation – (Exhibit C)

Mayor Olive opened the public hearing.

Lee County Economic Development Director Bob Heuts advised that the public hearing is to hear comments regarding a recommendation from the Economic Development Corporation Executive Committee for the City to invest in the Cloverleaf project in the amount of \$148,901. This would be paid out over a five-year period not to exceed more than \$29,780 except for one year at \$29,781.

Mr. Heuts explained that the company bought the Imperial Freezer facility in November. It is located on U. S. Highway 421/Boone Trail Road. With that purchase, Cloverleaf now operates 63 million square feet of refrigerated warehouse space, spanning the Midwest all the way to South Atlantic. They also operate a facility in Benson. We have a number of meat processing facilities in the State of North Carolina with one located in Tarheel, North Carolina, that is a pork processing plant.

Mr. Heuts said that the operation at Sanford will continue to be overseen by the current plant management; Chuck McCarthy is in charge of that and it has been in place since 1996. The warehouse is presently large enough to house 13,800 pallet positions on a 33-acre site, which allows for future expansion of this project.

Cloverleaf started as Farmers Produce in 1934 in Sioux City, Iowa. It started as a processing facility and moved into the freezer storage space. The processing piece of it went dormant for a while and they continued to enhance the freezer locker part of the operations until recently when they brought Farmers Produce back. It now has three locations where they process meat. It is not a killing facility; they take meat that has been processed somewhere else and reprocess it and package it for their customers. When you hear about this project, it is not just Cloverleaf; it is Farmer's Produce as well. They have fifteen locations across the country.

They are looking at adding to this facility a processing plant of approximately 40,000 square feet and additional freezer space (as part two or possibly done at exactly the same time), which would double the amount of freezer space they would have here. It could amount to 240,000 to 250,000 square feet of manufacturing space on that location.

They are interested in hiring 30 people the first year and 28 the second year. The average salary will be \$22,519 for the new employees; however, they will have benefits. Cloverleaf will pay 80 percent of the health and dental benefits and they will have paid vacation time and money put into a pension plan.

Mr. Heuts advised that there will be an investment of about \$12 million: \$9 million in the facility and \$2 million in equipment that will go in the processing plant. He explained the Planning Impact Study ((IMPLAN) performed by East Carolina University to the area. It is an impact analysis of how this project would impact Sanford/Lee County.

Mr. Heuts explained that there are 3,000 plus people unemployed and there are 58 people on the lower-skilled side that would be anxious to work at this facility. They would be a good water and sewer customer to the City.

The County's portion would be \$209,000 to be paid out over a five-year period and would not be paid out until the company pays its taxes to our community.

Bob Heuts requested to go on record speaking in favor of the project for all the reasons he just stated. No one spoke in opposition; therefore, the public hearing was closed.

Mr. Heuts added that there is a "but for" clause in the agreement. Attorney Patterson advised that the agreements for this project were developed by the county attorney, in conjunction with Lee County Economic Development Corporation. She has reviewed them and they are slightly different than what we have seen before on incentives; however, they would be consistent – the same language for the County and the City. It does include the "but for" clause that says but for this incentive the company would not come here to the County and City. It also informs them that any grant funds would be made only for expenditures for work performed on or after the execution of the contract. The County has had several discussions on economic incentives. In this contract now are certain recitals of the company that we have not seen in the past. They would assure that the company agrees to maintain the current level of operations in the existing facility; maintain its base level of jobs; that new jobs would be filled and there would be a certain wage rate. In the event they did not make the investment up to \$12 million for the facility or jobs, that the amount of the grant would be decreased because they would have to meet those thresholds prior to receiving the money. They also placed in the agreement in the

event they failed to make the events that there is a clawback for repayment of funds. We should not have to reach that because the way we do these incentive deals in the City and County is that they make the commitment and investment before they ever receive any payments. It is for expansion and improvements to facilities for the processing and cold storage development of a plant opposed to a manufacturing plant and it is an appropriate incentive contract under the law.

- Consider Adoption of Resolution Authorizing the Expenditure of Funds for an Economic Development Project and Approving an Agreement with Lee County Economic Development Corporation – (Exhibit D)

Council Member James Williams made the motion to adopt the Resolution Authorizing the Expenditure of Funds for an Economic Development Project and Approving an Agreement with Lee County Economic Development Corporation. Seconded by Council Member L. I. “Poly” Cohen, the motion carried in favor by a six to one vote. Council Member Charles Taylor cast the dissenting vote.

### **REGULAR AGENDA**

Consider Entering into Contract for Design of Downtown Streetscape – (Exhibit E)

Consider Entering into Contract for Design Services for Downtown Parking Lot and Street Improvements – (Exhibit F)

Mr. Hegwer advised that it would be prudent to table these two items due to the tabling of the item on the consent agenda for the selection of the engineer. Because we have not selected an engineer, we are not at a point of entering into a contract.

Mr. Hegwer explained that the reason staff put the Approval of Selection of Design Firm (McGill and Associates) for Downtown Streetscape and Parking Lot on the consent agenda was because there seemed to be no objection to the recommendation and there was some concern about the contracts and that is the reason these two items were put on the regular agenda. It would be prudent to table these also.

Council Member Charles Taylor made the motion to table these items - Consider Entering into Contract for Design of Downtown Streetscape – (Exhibit E) and Consider Entering into Contract for Design Services for Downtown Parking Lot and Street Improvements – (Exhibit F) until after the retreat. Seconded by Council Member Jimmy Haire seconded the motion. The motion carried by a five to two vote to table these items. Council Members Walter McNeil, Jr. and L. I. “Poly” Cohen cast the dissenting votes.

Attorney Patterson asked for clarification on the tabling of these items. Mayor Olive replied they would be tabled until after the retreat and placed on the Council agenda following the retreat.

### **OTHER BUSINESS**

City Manager Hegwer reminded Council and the public of Council’s retreat scheduled for tomorrow at 8:30 A.M. until 12:30 P.M. in the West End Conference Room.

Mayor Olive said that this past week, there was a performance by the Chinese Dancers who came here under the auspices of the Confucius Classroom at CCC and also the next night,

there was a performance by the North Carolina Symphony Orchestra. Both events were wonderful.

Mayor Olive reminded everyone there are several non-profits who are holding fund raising events in the next couple of weeks – the Bread Basket and the American Red Cross.

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

**ADJOURNMENT**

With no further business to come before the council, the meeting was adjourned on motion of Council Member Walter McNeil, Jr.; seconded by Mayor Pro Tem Sam Gaskins, the motion carried unanimously.

Respectfully submitted,

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CORNELIA P. OLIVE, MAYOR

ATTEST:

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BONNIE D. WHITE, CITY CLERK