

LAW AND FINANCE MEETING
Wednesday, May 29, 2013
1:00 P.M.
Council Chambers

The Law and Finance Committee met on Wednesday, May 29, 2013, at 1:00 P.M., in the Council Chambers at City Hall. The following people were present:

Law and Finance Committee:

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

Absent:

Mayor Pro Tem Sam Gaskins

Mayor Olive called the meeting to order.

Consider Introduction of the Bond Order Authorizing the Issuance of \$4,000,000 General Obligation Greenway Bonds of the City of Sanford, North Carolina - (Exhibit A)

Consider Introduction of the Bond Order Authorizing the Issuance of \$6,500,000 General Obligation Streetscape Bonds of the City of Sanford, North Carolina – (Exhibit B)

Consider Introduction of the Bond Order Authorizing the Issuance of \$2,000,000 General Obligation Sidewalk Bonds of the City of Sanford, North Carolina – (Exhibit C)

Consider Introduction of the Bond Order Authorizing the Issuance of \$2,000,000 General Obligation Parks and Recreation Bonds of the City of Sanford, North Carolina – (Exhibit D)

Financial Services Director Melissa Cardinali stated that she would like to explain and put these four items together. She explained that this is the introduction of the bond order authorizing the issuance of \$4 million for greenway bonds; the bond order for the issuance of \$6.5 million for streetscape bonds; bond order for the issuance of \$2 million for sidewalk bonds; and \$2 million for parks and recreation bonds.

Financial Services Director Melissa Cardinali advised that this is the next step in the process of presenting General Obligation Bonds on the ballot in November. On Tuesday night, the bonds will be introduced and the mayor will read each bond into the record. Once that is complete, the Council will vote to approve each introduction. The introduction of each bond order paves the way for Council to hold a public hearing on the bonds on Tuesday, June 18, 2013; and then adopt each bond order. The introductions basically state the purpose and amount of each bond and an application has been filed with the Local Government Commission. The bond orders will be effective if approved by the voters on November 5. She will be taking the application to the Local Government Commission on Friday morning, June 21.

Consider Resolution of the City of Sanford, North Carolina Regarding Bond Orders Authorizing the Issuance of \$4,000,000 General Obligation Greenway Bonds, \$6,500,000 General Obligation Streetscape Bonds, \$2,000,000 General Obligation Sidewalk Bonds and \$2,000,000 General Obligation Parks and Recreation Bonds, Setting a Public Hearing Thereon and Directing Publication of a Notice of Said Public Hearing – (Exhibit E)

Financial Services Director Melissa Cardinali explained that this resolution states that the Council will hold a public hearing on June 18 on the proposed bond orders and directs the City Clerk to publish a notice of each bond order in the local newspaper.

Consider Temporary Financing to the Airport for the Upfitting of an Existing Hangar Owned by the Airport

City Manager Hal Hegwer stated that he is asking for consensus so we can move forward with the Airport Authority. The Airport Authority has purchased a t-hangar for \$270,000 and we would like to modify that hangar for the North Carolina Forestry Service. The Forestry Service will be locating three airplanes and two helicopters to the site. They will be using it for the maintenance facility for 25 airplanes across the state. The NC Forestry Service has centralized a lot of their locations and Sanford was chosen to be one of the central locations in the state. They will be locating personnel (about 12 employees) that will work at this facility. They will be purchasing fuel from the airport.

Mr. Hegwer advised that Central Electric Membership Corporation has agreed to make a loan to the Airport Authority for \$800,000 for ten years at zero percent interest. He is asking for the City and the County to fund one-half of the cost of temporary financing that would be utilized to purchase and up-fit the t-hangar at around \$800,000. The temporary financing would go away when the permanent financing from the Central Electric would go into effect. It would be \$400,000 from the City and \$400,000 from the County as a temporary loan until such time the permanent financing is in place and the Airport Authority, in turn, have a lease arrangement with the NC Forestry Service for twenty years. It would be a positive cash flow out of this project.

Council Member Wyhof asked if the \$400,000 comes out of our fund balance. Mr. Hegwer replied yes. She asked would that affect our bond rating, going forward, as we are trying to make our financing arrangements for our bond referendum. Finance Director Melissa Cardinali said that she will be meeting with the financial advisors on Friday when she goes to the Local Government Commission. She will run it by them. There are some steps we have to go through prior to actually doing this; she will double check and get back to Council. Mr. Hegwer added that we anticipate 3 percent on our investment during that time and it is much better than what we are receiving now.

Council Member Cohen stated that this will bring a group of people here to work on the planes but it will service the whole state; we will have other planes coming in to be serviced and hopefully will bring other branches of government here for their planes to be worked on stationed here also. He said we are building new t-hangars now and two to three of them will have to be for the Forestry Service. The airport is really growing.

Mr. Hegwer stated that the hangar was purchased with the airport reserve funds. Once the temporary financing comes from the City and the County, those funds will be replaced. The

reason those funds will need to be replaced is because we need the adequate match for the runway rehabilitation project which is about \$4 million. He added that the Airport Authority is considering constructing an additional 26 t-hangars for planes in the future. We have a waiting list of about 20 plus for t-hangars. The City and County agreed to finance the last set of hangars that were constructed several years ago and they have been paying that back to the City and County. The Airport Authority is looking at the possibility of financing them through a private financial institution for that loan because we may be able to get a favorable rate.

Council Member Williams said that he just wants to make sure it does not hurt the City's budget.

Consider Contract with Lee County Economic Development Corporation - (Exhibit F)

City Manager Hal Hegwer advised that the agreement is to continue our contract with the Lee County Economic Development Corporation. The corporation is in a transition moving forward. It will take a while for that to take place. This is the same contract that we have been in for several years. There is one minor adjustment in it. Item #7 has been removed that spoke about a strategic marketing plan that would need to be completed. It does say that the City agrees to consider making a budgetary appropriation for the operation of the program for each year as long as this agreement remains in effect. It does not say how much but he recommends funding some level of economic development activities because we do have an active role in economic development and with the state in recruiting businesses.

Mr. Hegwer advised that we have reduced the level of funding for EDC in the budget this year. There is a \$20,000 decrease from what we have seen in prior years and it was tied to the sales tax distribution.

Other Business

Assistant Community Development Director Marshall Downey gave an update on the situation in McCracken Heights. He said there is no violation of the ordinance on the code for the project on Bickett Road. The contractor and owner of the project, Mr. Sublett, moved two homes on the site and wants to marry the two homes and make one-single family home. He obtained zoning approval for it. Staff has received several complaints regarding the site. A couple of meetings were held with the residents and one with Mr. Sublett. The covenants for McCracken Heights expired in 1991. Mr. Sublett took charge of the meeting when they met with the residents and he made several commitments to the residents in the neighborhood. Mr. Sublett told them he would make this project a priority on December 13, 2012. He agreed, even though the covenants expired, to adhere to the exterior elements of the covenants so that the project would fit in with the existing neighborhood. Mr. Downey said this has not happened.

Mr. Downey said that he had his first inspection in late February and made the inspection for footing and setbacks and it passed, but it was March 8 before the permit expired. Staff looked into it and he is meeting the ordinance and in compliance with everything that is required for him to do. After the comments made at Council's last meeting, staff met and he is in compliance with building code, zoning, and code enforcement standpoint. However, staff discovered that he has a total of seven projects in Sanford. Out of the seven, only one is in full compliance. Mr. Downey advised that he drafted a letter, identified everything he has wrong,

sent the letter to Mr. Sublett indicating all the details that were wrong. Several of them are just a matter that the permits have expired and are just not progressing. The purpose of the letter was to identify all the problems staff was having with six of his seven projects, including the complaints, the comments and promises he made on Bickett Road. At the end of the letter, Mr. Downey told him he was not going to issue any more permits for any new projects or any new homes he was going to move into the City until these six were resolved.

Mr. Downey said that he met with Code Enforcement Carl Anglin and Building Inspector Superintendent Chris Riggins to look at a long-term strategy to see if there is anything they can do to have a minimum level of appearance for structures.

Council Member Taylor asked the mayor to allow Dan Marshburn, who is head of the Homeowner's Association in McCracken Heights and Bill Johnstone, to speak.

Mr. Johnstone, residing at 708 Villa Circle, said that Mr. Downey has been very helpful. Mr. Johnstone stated he could not understand why the City will not do anything. He issued a complaint about the grass growing on City property on Hawkins Avenue and staff will send people letters about their grass not being cut. He issued a complaint about the noise coming from a church on Burns Drive.

Mayor Olive asked Mr. Johnstone if they have done anything towards reestablishing covenants for McCracken Heights. He replied yes; he wants to talk with City Attorney Patterson about the wording in the covenants and who enforces the covenants.

City Attorney Patterson replied that in a Homeowner's Association, the people who live in that homeowner's area agree to put the covenants on themselves. It is incumbent on those who are elected to enforce it, so you do have the power if you set up the right structure.

Mr. Taylor said he understands it takes 100 percent participation to get a covenant passed. Attorney Patterson stated that this has been a rule in the past and she has not checked specifically to see if it has been changed because she does not advise homeowner associations and in the past it has taken 100 percent to put it in. Usually, the developer puts covenants on land before any lots are sold. Once they are sold, they have to agree to come under those covenants; it is a voluntary association. You are choosing to live under those rules and to have them enforced upon you.

Mr. Taylor added that it takes 100 percent of property owners to sign on; it is not a matter of who is presiding at that property which could make it more complicated if you have an owner living in Charlotte. It is virtually impossible to pass it.

Dan Marshburn, residing at 1409 Bickett Road, president of the homeowner's association, moved to Sanford in 2005. His concern is the neighbors have worked hard on making McCracken Heights a nice neighborhood; they host National Night Out and there is a lot of history in McCracken Heights. They want to keep the neighborhood nice for everyone to live.

Mr. Downey said that staff has coordinated with Code Enforcement, Department of Natural Resources to make sure there are no violations from the state level, street department regarding the mud on the streets, to verify to see if there are any violations. They are trying to make sure this site is in compliance with city code.

Council Member Taylor said that it may be time for the UDO to be reviewed to address some of the situations that have risen in the last several months.

Other Business

Council Member Wyhof stated that she attended a Memorial Day celebration at the American Legion on Monday and it was a really wonderful chance to recognize the service of our World War II veterans here locally. She said the flags looked fantastic around town.

Ms. Wyhof said that she has had several requests for some type of public information display to be put up in the lobby of City Hall so people can see what the streetscape drawings look like, and what the map is for the greenway, etc. We need a place to direct citizens who are interested in the public information regarding the bond referendum.

Mayor Olive replied that the plan is to put them on line.

Council Member Taylor thanked the citizens and employees who have called him and the notes he has received. He is humbled to be able to serve on the Council and he is deeply encouraged that people are watching what is going on and he is grateful for the feedback he has received.

Mr. Taylor announced that on Monday, June 3, at 9 A.M., in the Chatham County Agricultural Center, will be the next local study group meeting for the Mining and Energy Board. He would love for the council members to attend. The draft will be introduced that day. He spent a lot of hours on the draft and they think the final draft will be fifteen to twenty pages.

Mayor Olive said she attended the Gay 90s Luncheon at the Enrichment Center. The oldest person in attendance was 103 years old. There were probably 30 people in attendance that were 90 and over.

Mayor Olive said she attended the 125th Anniversary of Belk's Department Store. It was started in Downtown Sanford as Williams Belk. It started in Sanford 103 years ago and 125 years since its inception in Monroe. The Williams of the Williams Belk lived on the corner of Horner Boulevard and Weatherspoon Street in the big Victorian House that has been so lovely for so many years.

Mayor Olive recessed the budget workshop at 1:45 P.M. The meeting was reconvened at 1:55 P.M.

Budget Workshop

City Manager Hal Hegwer said that staff is present to answer any questions that council members have on the budget. Another budget workshop can be held and one of the things that

we were not able to finish at retreat was the discussion on the golf course and we can include it in the budget work session. He would like to know how Council would like to move forward on it.

Mr. Taylor replied that he would like to see the RFI on the golf course before Council meets regarding the golf course so that council members can provide adequate input. He said they have been talking about this since April 17 and Council has not seen a draft of the RFI. He said he realized it is subject to change but it would be nice to provide input that day rather than give it to them and have another follow-up session after reviewing the draft. Mr. Hegwer replied that he has a draft (Exhibit G) for council members. Mr. Hegwer said the main thing in it is policy goals. Staff modeled the draft after the City of Asheville. At the next meeting, he will have Golf Pro David Von Canon present to answer some questions they may have either at another retreat session or at a budget workshop.

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

ADJOURNMENT

Having no further business to come before the Law & Finance Committee, the meeting was adjourned upon the motion of Council Member James Williams. Seconded by Council Member Walter McNeil, Jr., the motion passed unanimously.

Respectfully submitted,

Cornelia P. Olive, Mayor

ATTEST:

Bonnie D. White, City Clerk