

MINUTES OF SPECIAL CALLED 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, June 25, 2014, at 1:00 P.M., in the Council Chambers. The following people were present:

Mayor T. Chet Mann  
Council Member Jimmy Haire  
Council Member Charles Taylor  
Council Member Rebecca Wyhof  
City Manager Hal Hegwer  
City Clerk Bonnie Davis

Mayor Pro Tem James Williams  
Council Member Sam Gaskins  
Council Member Byron Buckels  
Council Member Norman Charles Post, III  
City Attorney Susan Patterson

Mayor Chet Mann called the meeting to order. Council Member Buckels gave the invocation. The Pledge of Allegiance was recited.

**APPROVAL OF AGENDA**

Council Member Gaskins made a motion to approve the agenda. Seconded by Mayor Pro Tem Williams, the motion carried unanimously.

**REGULAR AGENDA**

**Consider Resolution in Support of City and County Joint Use Agreement for Sanford Buggy Factory (Exhibit A)**

Mayor Mann noted that Lee County approved a similar resolution to the Joint Use Agreement for the Sanford Buggy Factory at their last meeting. Mayor Mann stated that Rodger Sauls has been hired to lead the newly created Sanford-Lee County Partnership for Prosperity. Mayor Mann noted that fundraising efforts in the “silent phase” were approximately two-thirds complete toward the goal and that the public phase will soon begin, which hopefully, will complete the funding process. Mayor Mann informed Council that Community Development Director Marshall Downey was available to answer questions.

Council Member Taylor noted that the proposed resolution did not include a stipulation for a purchase option at a future time and requested that it be included in the resolution. City Manager Hegwer responded that he had spoken to Lee County Manager Crumpton and Progressive Development concerning this matter. Mr. Hegwer said that Progressive Development was open to the possibility of selling the property, along with other options which could be discussed prior to execution of the final lease agreement. Mr. Hegwer said; however, that County Manager John Crumpton had informed him that he saw no need for the County to acquire additional property at this time. City Manager Hegwer also stated that a preliminary lease agreement had just been provided to him as well as to County Manager Crumpton.

Attorney Patterson pointed out that the proposed resolution dealt only with the intent of the City to enter into an agreement with the County for joint use of the Sanford Buggy Factory.

Attorney Patterson said that the formal lease agreement with Progressive Development would be a separate document and would be presented to Council for adoption at a later date.

Council Member Haire asked if the City and County would have the right to pre-approve any layout and design changes to the structure and if the lease payments would begin following the completion of all renovations. City Manager Hegwer confirmed that this was correct, and added that payment would not begin on the Buggy Factory until a lease agreement was signed.

Council Member Williams made a motion that the Resolution in Support of City and County Joint Use Agreement for Sanford Buggy Factory be adopted. Seconded by Council Member Gaskins, the motion carried unanimously.

Consider a Community Development Corporation Real Estate Assessment and Emergency Funding to Brick Capital (Exhibit B)

Community Development Director Marshall Downey summarized the information he received from research they had conducted regarding options as it relates to Brick Capital CDC and their recent loss of grant funding sources. He said as part of this research effort, staff discovered a program recently initiated by the NC School of Government under the sponsorship of the NC Community Development Initiative, commonly known as the "Initiative." Mr. Downey explained that this program is specifically intended for Community Development Corporations ("CDCs") to assist in dealing with a variety of factors such as changing market dynamics, reductions in funding, and shifts in political support. Mr. Downey said that this program includes a real estate assessment that is conducted by the Development Finance Initiative (DFI) at the UNC School of Government.

Community Development Director Downey explained that DFI would come to Sanford and meet with Brick Capital CDC Staff to review financial data, identify needs and priorities, and tour the properties in order to develop a portfolio identifying short, medium and long-term strategies to grow and move forward.

Mr. Downey said that the assessment process is estimated to require 45 days to complete, and at a cost of \$15,000. He said; however, that DFI would pledge to pay half of the cost, and the City would pay the other half, which is \$7,500. Mr. Downey added that Brick Capital's CDC Director Kate Rumely estimated approximately \$25,000 as anticipated operating costs for July and August.

Council Member Gaskins asked Community Development Director Downey which other Community Development Corporations in the state had contacted DFI to conduct similar assessments and what the results were. Mr. Downey responded that five had been contacted by his department and three had responded with feedback on the assessment, specifically Chapel Hill, Durham and Kannapolis. Mr. Downey also stated that specific information relative to returns on the required cost was not yet available since adequate time has not yet passed for implementation.

City Manager Hegwer noted that none of the recommendations provided would be binding requirements and that since the staff was familiar only with the Brick Capital CDC and local governments, perhaps an outside source more familiar with the operation of other non-profit organizations could prove helpful and worthwhile.

Community Development Director Downey stated that he was informed by the Institute of Government Program Coordinator Marcia Parrott, that there is a window of time for moving quickly on this project.

Council Member Gaskins inquired whether Lee County would be willing to share in the \$7,500 assessment cost. City Manager Hegwer noted that Brick Capital CDC's primary mission is in the City and that other non-profit missions more directly benefit Lee County. Mr. Hegwer commented that, in his opinion, the cost of researching and discussing the matter internally makes the cost of the assessment a wise expenditure.

Council Member Williams requested clarification of the exact identification and role of the Initiative. Community Development Director Downey explained that it is a statewide organization, working as an umbrella organization and funding source for Community Development Corporations.

Attorney William (Bill) Wilson was asked to share information about the Initiative. Attorney Wilson said the Initiative is a statewide funding source, which previously received approximately \$4,000,000 from the North Carolina Legislature prior to the cutting of all funds to most non-profits. Attorney Wilson also stated that the Initiative had been the primary source of funding to Brick Capital since Director Kate Rumely joined the organization, funding approximately \$100,000 to \$130,000 annually. He said; however, these funds have now been lost.

Attorney Wilson further explained that the Initiative has hired the NC School of Government to perform these assessment studies in an attempt to preserve assets of the 24 nonprofit organizations under the Initiative's umbrella which had previously been "high-performing" organizations. Attorney Wilson said that he recommends proceeding with the assessment project.

Council Member Wyhof asked whether the results were public information and if any reports had been reviewed. Community Development Director Downey responded that he had not seen any reports since they appear to be the property of each individual Community Development Corporation, but eventually a bank of information and possibly a regional model should be available. Mr. Downey also commented that while individual recommendations may not have been precisely what each Community Development Corporation envisioned, they were satisfied with the process.

Council Member Haire asked Mr. Downey if \$32,500 would cover operating costs for July and August as well as covering the cost of the assessment, which is estimated to take approximately 45 days.

Council Member Wyhof expressed concern that Brick Capital would request additional funding every 45 days to meet their operating costs.

Council Member Gaskins noted that since the recently adopted budget included a \$14.5 million dollar bond funding and a tax increase, a continued funding to Brick Capital CDC for operating expenses is not available from the City at this time and he suggested that more information be made available before addressing the issue of funding Brick Capital. Council Member Gaskins commented that he would like to review Brick Capital CDC's financial records and have them apply for funds like any other non-profit. Council Member Gaskins suggested that Council only consider the \$7,500 assessment cost at this time.

Mayor Mann summarized the discussion by noting that much research has been done concerning Brick Capital CDC. Mayor Mann said that Brick Capital's function is vitally important to the community, and perhaps the study should be funded in order to move forward with the recommendations.

Council Member Post asked what would occur after the 45 day assessment study period? Director Downey commented that Brick Capital could identify strategies to free up cash and to improve leverage.

Council Member Wyhof made a motion to allocate \$7,500 to complete the assessment so that we can obtain information to improve future decision making. The motion was seconded by Council Member Post.

City Attorney Susan Patterson noted that Financial Services Director Beth Kelly was not able to attend this meeting but requested that if Council approved funding for the assessment study, then the motion should include the source of the appropriation of funds (from the Fund Balance) as a contribution to Brick Capital for the purpose of the Initiative Study.

Council Member Wyhof amended her motion to allocate a \$7,500 donation to Brick Capital CDC, allocated for the purpose of the Initiative Study, and that the funds are to be taken from the City Fund Balance account. Council Member Post seconded the motion.

Mayor Mann read a letter from Margaret Murchison, President of the Board of Directors of Brick Capital, thanking the Mayor and Council Members for considering the proposal presented by City Staff and Brick Capital, and thanking the City's Financial Officer and Community Development staff for their work in reviewing options that would assist Brick Capital.

Council Member Gaskins inquired how the upcoming Fiscal Year 2014-2015 Fund Balance compares with the current fiscal year Fund Balance. City Manager Hegwer responded that the Fund Balance will have to be drawn upon, but the exact amount is not currently known. He added that more precise information will be available by late September or early October when the upcoming audit has been completed. Mr. Hegwer stated that it is anticipated to be an amount similar to that used in the previous five years.

Mr. Hegwer added that a tremendous amount of Brick Capital's information is already available, including financial information. He added that a formal application would be required for funding, as well as some clarification on long-term planning, which will be done in connection with the assessment project.

Mayor Mann called for a vote on the motion on the floor to allocate a \$7,500 donation from the City's Fund Balance to Brick Capital to fund the Real Estate Assessment. The motion carried by a six to one vote, with Council Member Taylor casting the dissenting vote.

Community Development Director Downey discussed the transition of roles within the Community Development Department. He informed Council that he was recently promoted from Interim to Director of Community Development. Mr. Downey also noted that as a result of leaving the Assistant Director of the Planning Department position vacant in the FY 2014-2015 budget, roles within the department have been modified. Mr. Downey introduced Althea Thompson, whose new role is Zoning Administrator and Amy McNeill, whose new role is Design Review Coordinator.

Mayor Mann congratulated the Community Development staff on the recent role reassignments and noted that the new office location at the Buggy Factory will enable everyone to share ideas under one roof.

**ADJOURNMENT**

Council Member Gaskins made the motion to adjourn. Seconded by Council Member Wyhof, the motion carried unanimously.

Respectfully Submitted,

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T. CHET MANN, MAYOR

ATTEST:

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BONNIE DAVIS, CITY CLERK