

LAW AND FINANCE MEETING
Wednesday, March 11, 2015
5:00 P.M., Council Chambers
225 East Weatherspoon St., Sanford, NC

The Law and Finance Committee met on Wednesday, March 11, 2015, in the Council Chambers of City Hall, located at 225 East Weatherspoon Street, at 5:00 P.M. The following people were present:

Law and Finance Committee:

Mayor T. Chet Mann
Council Member Byron Buckels
Council Member Jimmy Haire
City Clerk Bonnie Davis
City Manager Hal Hegwer

Mayor Pro Tem James Williams
Council Member Sam Gaskins
Council Member Rebecca Wyhof
City Attorney Susan Patterson

Absent:

Council Member Norman Charles Post, III
Council Member Charles Taylor

Mayor Chet Mann called the meeting to order.

Consider Resolution to Dissolve the Environmental Affairs Board and Participate in a Joint Environmental Affairs Board with Representatives from the City of Sanford, Lee County and Town of Broadway – (Exhibit A)

City Attorney Susan Patterson explained that the City of Sanford and the County of Lee used to have a joint Environmental Affairs Board; however, in the recent past, the Lee County Commissioners decided to dissolve it and form a new board with only county members. In response to this move, the City established its own Environmental Affairs Board in March 2013. At the last Joint Interlocal Government Committee Meeting, they discussed having only one joint board to speak with one voice for the City, County and Broadway because the environment concerns involved them all.

There is a proposal before Council, that Lee County has already acted on, to participate in a joint Environmental Affairs Board with representatives from the City, Lee County, and the Town of Broadway. It was proposed under the bylaws the current sitting people would be appointed to the new board to serve out their current terms, which by attrition, would eventually come down to an eleven member board; five from the City, five from the County and one from Broadway. If Council so chooses, this resolution would dissolve the City's board and would participate in the County's Board effective May 1, 2015 with representatives from all three entities as stated in the bylaws.

Council Member Gaskins and Council Member Wyhof both stated that they strongly support the joint board and that we need to work together.

Consider Subordination Agreement with Buggy Factory – (Exhibit B)

City Attorney Patterson advised that Progressive Development Company is in the process of renovating the Buggy Factory for the purpose of locating various City and County departments

in that building. They need financing to do the construction and they are seeking a new loan over \$3 million. They currently have a loan with the City of Sanford in the amount of \$412,624 on this property, and when they seek their new financing, they have requested that the City subordinate their loan to the new loan. If Council desires to do this, we will need to execute a Subordination Agreement and authorize the Mayor, Mayor Pro Tem, Manager and City Clerk to execute the documents and make any non-substantive changes to complete the documents as necessary. There may be some more information once we get the assignment and loan agreement for Council's review next Tuesday. They are also intending to change the ownership of the property into a new LLC and at some point, and we will need to assign our note and Deed of Trust to the new owner.

City Manager Hegwer reminded everyone that this was a CDBG loan that was passed through the City and was not funds loaned from the General Fund for this endeavor. Attorney Patterson said that we may have some additional documents with regard to assignment of the note and Deed of Trust. Our current Deed of Trust states that they cannot transfer ownership without the City's consent.

Consider Sale of Lots 1 – 10, Block E, Stroud Street to Lee County – (Exhibit C)

City Attorney Patterson explained that the City and County jointly own a piece of property known as Lots 1 through 10, Block E, Gunter Forest Subdivision on Stroud Street by virtue of a Sheriff's Deed, which we received through tax foreclosure. Because Lee County collects the City's taxes, they propose to sell this property through the offer, advertisement and upset bid process. In order to allow Lee County to sell this property on our behalf, the City will need to deed our interest to Lee County, so they can execute a deed to the purchaser.

The County has a purchaser who is requesting to buy it for \$2,700. The tax value is \$11,700; however, the Commissioners are looking at accepting the offer subject to the City's approval. The sale would put the property back on the tax books and the City would not have to maintain cutting the grass, etc. If Council chooses to transfer the property and sell it, we will do a deed to the County that states after expenses, the City will receive 50 percent of the price and that they complete the offer, advertisement, and upset bid process on the City's behalf, which they have already undertaken.

Consider Audit Contract – (Exhibit D)

Financial Services Director Beth Kelly explained that on February 9, 2015, the Financial Services Department mailed requests for proposals to qualified auditors for the City's audit contract for Fiscal Years 2015 through 2018. Mrs. Kelly stated that under NCGS 159-34, the City is required to have an annual independent audit. She referred to Exhibit D which explained the purposes of an annual independent audit and the guidelines for what the audit of the financial statements encompasses.

Mrs. Kelly explained that the selection of an independent auditor should be done in a careful manner. The Local Government Commission (LGC) states in its policies manual that the "auditor should be selected only on the basis of professional competence and experience." The LGC states that appropriate criteria include the auditor's qualifications, experience, audit approach, understanding of the governmental unit's needs, and cost.

Mrs. Kelly advised that the Financial Services Department entered a very thorough process in order to make the best recommendation to the Council. She explained the process by which a firm was selected.

After review of the seven proposals received, three firms met at least 85 percent of the required qualifications. The recommendation is to award the audit contract to Joyce and Company, CPA, headquartered in Cary, NC.

Other Business

City Manager Hal Hegwer reminded everyone that Town Hall Day is Wednesday, March 18, 2015. Several Council Members will be attending along with staff. Acknowledgments have been received from Senator Ronald Rabin, Representatives Robert Reives and Brad Salmon that they will meet with Council and staff. Mr. Hegwer said that if anyone has any issues they would like to be expressed to them, please let him know.

Mayor Mann informed Council that he emailed them the NCLM Advocacy Goals for them to look over to see what the Legislature is being asked to consider.

Mayor Mann updated everyone on the projects and activities going on in Sanford: the NC Symphony last Sunday at the Civic Center; new owner/operator Escalante Golf Corporation has invested over \$3 million in the Carolina Trace golf course and plans renovations to the clubhouse; Marshall's Grand Opening is tomorrow at 7:45 A.M.; and this coming Saturday at Depot Park, an event is being held to raise money for police and canine awareness, car show, motorcycle show and bands.

Mayor Mann noted that Council will be meeting in the West End Conference Room for continuation of its retreat at 6 P.M.

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

Adjournment

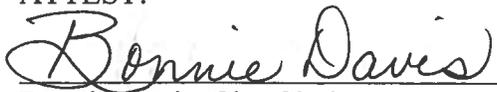
Council Member Gaskins made the motion to adjourn the meeting. Seconded by Council Member Buckels, the motion carried unanimously.

Respectfully Submitted,



T. Chet Mann, Mayor

ATTEST:



Bonnie Davis, City Clerk