

**CITY OF LAURINBURG  
CITY COUNCIL MEETING  
AUGUST 22, 2017  
MUNICIPAL BUILDING  
303 WEST CHURCH ST.  
7:00 p.m.**

**Minutes**

The City Council of the City of Laurinburg held its regular meeting on Tuesday, August 22, 2017 in the Council Chambers of the Municipal Building at 7:00 p.m. with the Honorable Matthew Block, Mayor, presiding. The following Councilmembers were present: Mary Jo Adams, Dolores A. Hammond, Curtis B. Leak, Andrew G. Williamson, Jr. and J.D. Willis.

Also present were Charles D. Nichols III, City Manager; Jennifer A. Tippet, City Clerk; and William P. Floyd, Jr., City Attorney.

Mayor Block called the meeting to order at 7:01 p.m.

Mayor Block gave the Invocation and then led the Pledge of Allegiance.

**APPROVAL OF AGENDA**

Mayor Block explained that Ms. Gloria Brown could not be present; therefore Item 18, Laurinburg Housing Authority Appointment needed to be removed from the agenda.

The City Manager explained that the agenda needed to be amended as follows: Item 10, Economic Development Update from Mark Ward, needed to also include approval of a resolution concerning a potential grant; add a closed session to consult with the attorney; add discussion of the Fiber Requests for Information (RFI); and add Request for Putting on the Ritz.

Motion was made by Councilmember Leak, seconded by Councilmember Williamson, and unanimously carried to approve the agenda with recommended amendments.

**PUBLIC COMMENT PERIOD**

Mayor Block reviewed procedures and decorum for the Public Comment Period.

**Mr. Pete Robyn** of Bennettsville, South Carolina, explained that he would like to do a public demonstration of the Declaration of Independence including music, an explanation of the Preamble, and a time for questions and answers. He added that he had discussed using the stage at the City's Art Garden.

The City Manager explained that he met with Mr. Robyn the day prior to the meeting, and suggested that Mr. Robyn briefly discuss his plans during the Public Comment Period to

generate interest for this event. He added that Mr. Robyn was given an application to complete for use of the stage at the Art Garden.

**Mr. David Norris**, 12500 McKinnon Drive, explained that he had created an online petition in opposition to the granting of funds for the new City Hall, that he had created a Facebook page called “Take Back Laurinburg” and also a website called tackbacklaurinburg.com. He further explained that he had prepared a statement, a copy of which is attached to these minutes as “Attachment A” and incorporated herein, that will be presented to the Local Government Commission (LGC) in opposition to approval of funding for the new City Hall. He discussed the many problems and issues in Laurinburg and that by the City going further in debt will not fix any of the issues.

Discussion ensued concerning the payment of \$100.00 for being the 500<sup>th</sup> signer of the petition after an audience member requested the name of the winner. Mayor Block explained that when there were 496 signatures, he offered to pay the 500<sup>th</sup> signer \$100.00. He added that at 505 signatures, the winner was announced.

Upon question by Councilmember Hammond, Mayor Block replied that he paid \$100.00 to the 500<sup>th</sup> signer of the petition, and that at the most 10 signatures were influenced by the \$100.00.

**Mr. James Garby**, 12900 Stratford Drive, explained that since Mr. Donald Anderson could not attend the meeting, he sent a video of his comments. Mr. Garby added that he took notes from the video as follows:

- In the midst of concern about the new City Hall, it is important to not lose focus on other concerns such as school consolidation, taxation, downtown restoration, crime, and community cohesion.
- Mr. Anderson complimented the Scotland County Sheriff for the recent door knocker initiative.
- Mr. Anderson thanked the Laurinburg Police Department for support of the National Night Out.

## **CONSENT AGENDA**

Mayor Block presented the Consent Agenda as follows:

- a) Consider minutes of May 16, 2017 regular meeting and May 24, 2017 special meeting/budget workshop
- b) Consider setting public hearing to be held on Tuesday, September 19, 2017 to consider application for North Carolina Department of Environmental Quality (DEQ) Community Development Block – Infrastructure Grant (CDBG-I) for Produce Market Area Sewer Project
- c) Consider Closing Portion of Roper Street between Main Street and Atkinson Street on Saturday, October 21, 2017 between the hours of 7:30 a.m. and 5:00 p.m. for the Storytelling Festival of Carolina

Councilmember Hammond moved to approve the Consent Agenda. Councilmember Leak seconded the motion, and it was approved by the following vote:

Ayes: Hammond, Leak, Adams, Willis, Williamson

Nays: None

## **PUBLIC HEARING**

### **CONSIDER OPTION AGREEMENT BETWEEN THE CITY OF LAURINBURG AND HANKINS COMPANIES, LLC FOR EXCLUSIVE RIGHT AND OPTION TO PURCHASE APPROXIMATELY 20.01 ACRE TRACT OF LAND ALONG SCOTLAND CROSSING DRIVE**

Mayor Block opened the public hearing to consider an option agreement between the City of Laurinburg and Hankins Companies, LLC for exclusive right and option to purchase approximately 20.01 acre tract of land along Scotland Crossing Drive.

The City Manager explained that approximately one and a half (1.5) years ago, the City took ownership of the 20-acre tract of land at Scotland Crossing Shopping Center beside Food Lion. He added that ElectriCities had been helping the City find a tenant for the property or a retail developer, and had recommended that the City work with Mr. Hankins of Hankins Properties, LLC. He further added that he, Ms. Charity Barbee of ElectriCities, and the City Attorney worked to determine the proper way to handle this from the municipal standpoint because of the restrictions on how a municipality can sell property but in a manner that was also fair to Mr. Hankins for his time and efforts trying to develop the property. He further explained that the property had been appraised at \$110,000.00. He added that the option agreement would allow Mr. Hankins to move forward with trying to develop the property including reaching out to potential tenants, and if and when he wants to purchase the property, he can exercise the option.

Upon question by Mayor Block, the City Manager explained that the City had been trying to sell the property for at least at least a year and a half. He added that the City ran sewer to the property to make it more marketable.

Councilmember Leak clarified that the property is located at Scotland Crossing Shopping Center where Belk is located and the south side Food Lion.

The City Attorney explained that according to the appraisal, only five (5) of the 20 acres are usable for development, which is one of the reasons it had been a tough sale. Mr. Hankins has agreed to take on the task of marketing this property and developing it. The City Attorney explained that the specifics of the arrangement would be that Mr. Hankins would have an option for three (3) years and two one-year extensions to purchase the property at its fair-market value; should he decide to purchase the property during the first two (2) years of the option, Mr. Hankins would purchase the property at the fair market value determined by the recent appraisal; and if Mr. Hankins decided to purchase the property after the initial two (2) years, the property would be reappraised to determine the fair market value. He further

explained that according to the economic development statutes, the public hearing must be held and Council must find certain findings of fact which are listed in the proposed resolution, Resolution No. R-2017-19, which Council would consider approving after the public hearing. He added that as a condition for exercising the option, Mr. Hankins must demonstrate that the development that he has secured will result in at least 7 full-time positions at that site with wages of at least \$13.93 per hour. He further added that the City has a study from ElectriCities that indicated that the probable hourly wage would be \$17.00 per hour for a development that would locate on the property. He concluded by explaining that the City was getting a professional with a proven track record in marketing properties for development to market the property for the City.

No one spoke in favor of or opposed to the option to purchase real property.

Mayor Block closed the public hearing.

Councilmember Williamson moved to approve Resolution No. R-2017-19 Resolution of the Laurinburg City Council Authorizing Option of Purchase of Real Property for Economic Development. Councilmember Adams seconded the motion, and it was approved by the following vote:

Ayes: Williamson, Adams, Leak, Willis, Hammond

Nays: None

(Resolution No. R-2017-19 on file in City Clerk's office)

## **DELEGATIONS**

### **MS. MARTHA LOVE – CONCERN ABOUT DELINQUENT ACCOUNT AND DEPOSIT REQUIREMENT**

Ms. Love was not present.

### **REPRESENTATIVE FROM CIRCLE K STORES – REQUEST THAT COUNCIL CONSIDER SUNDAY BRUNCH BILL**

There was no one present from Circle K Stores.

### **MR. WOODROW PIERCE AND DR. BILL MORGAN – TRANSFERRING THE POLICE DEPARTMENT TO THE SHERIFF'S DEPARTMENT**

Mr. Woody Pierce, 12740 Antler Circle, explained that he had been a business owner in downtown Laurinburg for approximately 20 years, and that during that time learned a lot about being economical and to make his business grow. He discussed consolidation of the City Police Department and the Scotland County Sheriff's Office, with highlights below:

- According to the 2017 City budget, the Police Department's budget is nearly \$3.2 million annually

- Consolidation of law enforcement would achieve greater efficiency because it would join all investigative functions under one (1) division, eliminate duplication of resources, eliminate turf wars, remove information barriers allowing full and more complete knowledge of criminal gangs, and would promote more unity among law enforcement officers.
- Consolidation would save \$3.2 million a year, a lot of money for taxpayers.
- Sheriff Ralph Kersey is in full agreement and knowledge of this idea.
- There are a lot of pros and cons to the consolidation.
- The International Association of Chiefs of Police could work with the City and County in combining law enforcement agencies.
- The City of Charlotte and Mecklenburg County consolidated law enforcement, as have Jacksonville, Florida and other cities across the country.

Mr. Pierce concluded his comments by explaining that he and Dr. Morgan were requesting that Council give thought, consideration and even some prayer into consolidation of law enforcement agencies because so many citizens are opposed to the construction of the new City Hall and because the consolidation could save a lot of money.

Councilmember Willis explained that if law enforcement was consolidated, the entire Police Department budget of \$3.2 million would not be saved. He further explained that when he was on the Scotland County Board of Commissioners (BOC), consolidation of the Laurinburg Police Department and the Scotland County Sheriff's Office was studied with the result being that the citizens of Laurinburg would lose protection and the response time to calls would be increased. He added that Dr. David Lawrence of the University of North Carolina School of Government discussed the issue with the BOC, Dr. Lawrence explained that the only savings would be purely administrative. He further added that when this was discussed in 2004 or 2005, there was a lot of opposition to the consolidation of law enforcement.

Mr. Pierce explained that he believed that the first year of consolidation, there would be a lot of expense, but once all of the pros and cons were worked out, the City would save a lot of money. He added that he also believed that with law enforcement combined, there would be patrol all over the City, all over the County especially in areas like Wagram which has no law enforcement.

Councilmember Leak explained that Wagram had its own Police Department, and that Mr. Peace must have been referring to the Town of Gibson.

Councilmember Willis explained that he was quite sure that the County would not absorb the bulk of the cost of the Police Department in order to free up money for the City.

Upon questions by Councilmember Leak, Mr. Pierce explained that he had not discussed law enforcement consolidation with Scotland County Board of Commissioners. He further explained that he did not know the budget for the Sheriff's Department.

Councilmember Leak explained that the Sheriff's Department has four (4) deputies per shift, and the City of Laurinburg has six (6) officers per shift.

Discussion ensued concerning the City tax rate of \$.40 and the Scotland County tax rate of \$1.01.

Councilmember Leak explained that he would go along with Mr. Pierce's suggestion if City taxes were lowered by \$.10 or \$.20. He added that the people that would benefit from law enforcement consolidation would be the areas such as the Laurel Hill communities and other areas in the County. He further added that he did not see any benefit to the citizens of Laurinburg unless City taxes were reduced. He further explained that he did not understand how taxes could, because the \$3.2 million City of Laurinburg Police Department budget would have to be supplied from somewhere.

Mr. Pierce explained that the City would not be spending the \$3.2 million on the Police Department.

Mayor Block stated that as Mr. Pierce said, law enforcement consolidation is a complicated issue. He added that he thought it was a little unfair to the citizens of Laurinburg to pay the entire cost of the Laurinburg Police Department and one-half the cost of the Scotland County Sheriff's Department when the Sheriff does not patrol within the City limits. He further added that if the discussion about law enforcement was to occur, that rule number one (1) had to be the absolute guarantee that no jobs are lost, but that it would be a gradual process through attrition.

Mr. Pierce commented that some of the officers with the Police Department would go to the Sheriff's Department when combined. He added that he was not an expert on law enforcement consolidation, and that he just wanted to bring this matter to Council and request that it consider it.

A discussion ensued concerning the statutory duties of the Sheriff. Police Chief Williams explained that those statutory duties are to run the jail, provide security at the courthouse, and civil process.

Councilmember Willis explained that when 10-15 years ago when law enforcement consolidation was considered, he suggested that there be only one (1) tax as a County tax and a City tax were not needed. He added that he also suggested there the Sheriff would do what is mandated by law, and there be a Police Commissioner appointed, not elected, that would answer to a Police Commission comprised of representatives of the City of Laurinburg and the Towns of Wagram, Gibson and East Laurinburg. He further added that according to David Lawrence, the consolidation of law enforcement would take six (6) to 18 months to work out.

Mayor Block explained that law enforcement consolidation raises a lot of issues. He added that increased police protection is one of the core functions of a city for which people chose to live in a city. He added that it was a complicated issue with many arguments for law enforcement consolidation and many arguments against law enforcement consolidation.

Upon question by Councilmember Hammond, Mr. Pierce explained that where the consolidated law enforcement would be housed was one of the questions to be worked out.

Mayor Block commented that law enforcement consolidation was worth considering because the whole City tax rate essentially goes to fund the Police Department. He added that it was money well spent. He added that Council would give it some thought.

### **MS. TERESA BARBER – PRESENT PETITIONS AGAINST CITY HALL PROJECT**

Mr. Mike Schmidt explained that Ms. Barber had a family emergency, and was unable to appear at the meeting.

### **MR. MICHAEL EDDS – QUESTIONS CONCERNING CITY HALL**

Mr. Michael Edds, 1207 Blue Drive, explained that he had been sharing his concerns to Council for a good while, and that the new City Hall had ripped the community apart. He discussed a situation which he faced in a prior job where he was executive director of a housing development authority for a two (2) county region whereby he was tasked with cleaning up issues with a housing development authority and discovered fraud and other illegal activities. He stated that from this experience, he “learned that when government won’t listen to reason, facts, or people, there’s a possibility of two (2) things - people are getting things under the table, or number two, somebody is behind the scenes pulling the strings.” He discussed the citizens that had been before Council asking for less expensive alternatives to building a new City Hall and the petitions that had had been submitted in opposition to the new City Hall. He added that Council’s response “has basically been an entrenchment. You were determined to build this \$10 million building and ignore the people, the situation, and no matter how it hurts the people of Laurinburg.” He stated, “So it led me to conclude, and maybe it’s wrong, either something is going on under the table or somebody behind the scenes is pulling the strings.” He discussed internet gambling in the City, and that he believed that money that was made off of the poor people. He explained that he had planned to ask Council if there was a conflict of interest or if someone was behind the scenes pulling the strings for the new City Hall, but decided not to ask as he felt he would not get an answer. He ended his comments with prayer.

### **MARK WARD, SCOTLAND COUNTY ECONOMIC DEVELOPMENT DIRECTOR – UPDATE ON ECONOMIC DEVELOPMENT**

Mr. Mark Ward, Scotland County Economic Development Director, showed a short video of a marketing promo for Scotland County. He provided an update on economic development activities as follows:

- Three (3) weeks ago he and the City Manager met with Mark Poole of North Carolina Commerce concerning a possible grant of between \$1.5 million to \$1.7 million to provide infrastructure to the property located behind the Small Business Innovation Center (SBIC) which property was recently purchased by the Scotland County Economic Development Corporation (EDC). The grant has been approved.

- His job is to provide positive information about Scotland County.
- He is an employee of Scotland County; however he reports to the Scotland County Economic Development Corporation Board comprised of appointees from Scotland County and the City of Laurinburg.
- Those board members are: Scotland County Commissioners Carol McCall, Bob Davis and Guy McCook; and Laurinburg City Councilmembers Curtis Leak and Drew Williamson.
- The Board also has ex-officio members from the Laurinburg-Maxton Airport Commission, Laurinburg/Scotland County Area Chamber of Commerce, Workforce Development and Richmond Community College.
- The Mission Statement of the EDC is: To promote the growth of the economy of Scotland County and the municipalities through job creation, the investment in businesses and properties and infrastructure, and facilitate economic growth and to promote the general welfare of all the citizens of Scotland County.
- Economic development includes business recruitment and industrial expansion.
- Scotland County currently has five (5) international companies: NSG, Kordsa, FCC, Blue Scope Steel and Humera Farmer.
- The Small Business Innovation Center (SBIC) was built to enable small business entrepreneurship for a small company with one (1) or two (2) employees to come in, grow and nurture the business, and then move on to a larger facility. He cited CCL labels as an example of this scenario.
- Economic Development includes downtown redevelopment, tourism and sports to increase tax dollars staying in Scotland County.
- Economic Development includes identifying and promoting sites and buildings. He explained that he is promoting the City's Smart Site on US Highway 74. Other sites include the Wagram Industrial park across from Cascades, the spec building across the street from the Laurinburg-Maxton Airport. He explained that the spec building has been leased for 18 months by Piedmont Natural Gas, who will make approximately \$300,000.00 in improvements which will remain when the 18 months end. He added that these improvements will make the spec building more marketable.
- Although he does not list private property, he is aware of property that may be available, and if the private property owner is interested, he will represent the property to the State. He added that he was not a real estate agent and does not broker a deal on any private property.
- Economic Development includes business retention and expansion. Scotland County's four (4) key markets are metal working, food and agriculture, automotive and defense industries. This does not mean that other industries are not recruited.
- There are 23 existing manufacturers in Scotland County.
- There are currently 16 active projects and four (4) of those have made site visits. The four (4) different projects could add from 30 jobs up to 240 jobs, with the total number being approximately 415 if the four (4) companies locate in Scotland County, with the potential of \$100 million investment.
- Leadership in Scotland County has acknowledged that economic development is a marathon and cannot be realized immediately.
- Important to build relationship and trust with State agencies and with private

businesses.

- If NC Commerce grants the City the \$1.5 million for infrastructure improvements at the Industrial Park, NC Commerce knows that the grant will be administered properly and the money will be well-spent. The bidding requirements will be fully met. It is hoped that ground breaking will be in third quarter of this fiscal year.
- When the City contributed to the purchase of the recently purchased tracts of land behind the SBIC, it was done with the stipulations that a tenant was ready to move into the facility once built, that the City would provide electricity and that the property would be voluntarily annexed into the City.

The City Manager explained that Resolution No. R-2017-20 would allow for application for Department of Commerce Grant Application.

Councilmember Willis moved to approve Resolution No. R-2017-20 Resolution of the City of Laurinburg for Department of Commerce Grant Application. The motion was seconded by Councilmember Hammond, and the vote was as follows:

Ayes: Willis, Hammond, Adams, Leak, Williamson

Nays: None

(Resolution No. R-2017-20 on file in City Clerk's office)

Upon request by Mayor Block, Mr. Ward explained that the former Abbott Building was owned by Mr. John Schwarz, and the main building was used for warehouse space by Meritor with some minor manufacturing such as spot welding. He added that Meritor moved out, and the property is available for lease. He further added that Carolina Containers moved into the two (2) warehouses on the facility. He further explained that four (4) projects were interested in the building. He added that he had discussed the condition of the property and the need to take better care of the property with Mr. Schwarz.

Upon question by Mayor Block, Mr. Ward explained that a spec building would be built on the incubator site, and that no County or City dollars would be used to build the spec building.

## **CITY MANAGER REPORT**

### **COMMUNITY DEVELOPMENT UPDATE**

Mr. Michael Mandeville, Community Development Director, reported the following:

- He and Mr. Haywood had been working on the Request for Proposals (RFP) for the litter pick up contract which he hoped to finalize this week. He added that the RFP would be open for three (3) weeks with the deadline for RFPs being the week of September 11, 2017.
- The United Way Day of Caring would be September 8, 2017, with the City's project being to plant at the triangle intersection of South Main Street and US Highway 401 South in front of the Mi Casita restaurant. He explained that the North Carolina

Department of Transportation (DOT) determined what was to be planted as well as the layout for the plantings. He invited volunteers to come out on September 8, 2017 at 9:00 a.m. to help.

- Work is progressing on posting the Public Information Officer/Downtown Development Coordinator position with the hope of having the position filled by October, 2017.
- Had a Main Street visit two (2) weeks ago with another scheduled on October 18, 2017.
- Preparing RFP for a master plan for the parking lot on the corner of Atkinson and Railroad Streets.
- The City Manager, Mr. Mark Ward, and he met with a representative of Draper & Associates out of Blacksburg, Virginia, concerning application for a Brownfields Grant to clean up a contaminated site. If the City applied on its own, the grant amount would be between \$200,000.00 to \$300,000.00, but by partnering with Scotland County and the EDC, the grant application could be up to \$600,000.00. A site has not been selected.

Upon question by Mayor Block, the City Manager explained that there would be multiple sites selected for assessment for the Brownfields Grant.

### **ORDER TO COLLECT TAXES**

The City Manager explained that annually Council must order the tax collector to collect municipal taxes.

Motion was made by Councilmember Leak, seconded by Councilmember Williamson, and unanimously carried to authorize the Mayor to sign the Order to Collect Taxes.

### **CONSIDER RATIFICATION OF MAYOR PRO TEM SIGNING OF RESOLUTION NO. R-2017-17**

The City Attorney explained that he and Mayor Block had discussed the fact that with his conflicted position, Mayor Block was not in position to sign financing documents related to the new City Hall and Police Station. He added that Councilmember Mary Jo Adams, in her capacity as Mayor Pro Tem, signed the resolution, and that a vote to ratify her actions was necessary.

Motion was made by Councilmember Hammond, seconded by Councilmember Leak, and unanimously carried to ratify the Mayor Pro Tem's signing of Resolution No. R-2017-17 Resolution of the City of Laurinburg, North Carolina Authorizing the Negotiation of an Installment Financing Contract and Providing for Certain Other Related Matters Thereto.

*Mayor Block called for a short break.*

*The meeting resumed at 8:36 pm*

### **UPDATE ON CONSTRUCTION AND FINANCING BIDS FOR CITY HALL AND POLICE DEPARTMENT**

Mr. Mike Carlisto of Edifice, Inc. explained that Edifice was the construction manager for the new City Hall and Police Department. He added that Mr. John Crawford of Creech & Associates was present also, and that they wanted to provide an update on the new City Hall and Police Department project. He discussed the higher prices being experienced in the construction market in North Carolina. He added that unfortunately, the City Hall and Police Department project was affected. He further added that there had been two (2) bid openings on the project, one on July 27, 2017 and the other on August 8, 2017, both bid openings being conducted in public whereby the bids were read aloud. He explained the following:

- Following both bid openings, the construction total was at \$9,241,107.00, higher than estimated.
- Edifice, Inc. and Creech & Associates looked to find ways to reduce costs that would not change the scope or the look of the building. Together, they targeted about \$300,000.00 in savings to bring the construction cost down to \$8.9 million.
- There are additional items for Council to review that could bring the construction cost down another \$300,000.00; however, these items affect the look of the building. Those items are:
  - Dumpster enclosure – Change the brick columns at four corners out and just have the wood fencing and the gates.
  - Delete storage building – This is for police evidence storage. Move the storage space into the main building and utilize the space where the Fitness Room is planned. Later on build the storage building and repurpose storage space in building for Fitness Room. Mr. Crawford explained that the storage building allows for secured areas on both sides of the sally port. The space in between is where police bring in suspects to go into the booking area. If the building was to be removed, then obviously you put a fence in place of the storage building.
  - Delete fencing, masonry piers around police parking yard around perimeter to the Police gated entrance from West Church Street. Farther down the driveway, have gate or arm so it is still secure so that vehicles cannot drive right through. But still be card or card reader to open and access the parking area.
  - Go to a low slope roof in lieu of trusses/shingles with a more traditional flat roof building and build up the parapets on the outside.

Mr. Carlisto explained that Edifice, Inc. and Creech & Associates are going to continue working on cost-savings options and items. He added that the glass and glazing subcontract, the drywall and acoustical ceilings subcontract, and the elevators subcontract will be rebid with some changes to the scopes of work and the design. He further added that the bid opening for these would occur on August 29, 2017.

Mr. Carlisto reported that three (3) of the major trade packages were under budget and were all Laurinburg/Scotland County companies. Those companies are McCarter Electric, Simmons Heating and Air and Hudson Paving.

Upon question by Councilmember Williamson, Mr. Crawford explained that the proposal is a low-slope roof which would eliminate the shingled roof. He added that a parapet would run around the building, and that the front entrance parapet would remain intact.

Upon questions by Councilmember Leak, Mr. Crawford explained that the roof would be a thermoplastic roof (tpo) that would have tapered insulation giving slope to the internal drains that would be on the roof. He added that the pitch of the roof would not be as great as the original design and the appearance of the building would be altered.

Upon question by Councilmember Willis, Mr. Carlisto explained that if Council chose to go with the tpo roof, it would save over \$100,000.00.

Mayor Block stated that at \$9.2 million and with the \$650,000.00 already spent on the project, that brought the total up to \$9.85 million, which does not include the demolition of the Barrett Building.

Mr. Carlisto interjected that the demolition of the Barrett Building was included in the \$9.2 million figure.

Mayor Block asked if the City should be applying for more than \$10 million.

Mr. Carlisto explained Edifice, Inc. and Creech & Associates had already identified \$300,000.00 in savings with the potential for an additional \$300,000.00 in savings for Council to consider. He added that one of the items that was reduced was the paving costs by \$40,000.00. Originally all of the paving was to be heavy-duty paving; however, it was decided that the only heavy-paving necessary was for the dumpster truck to ingress and egress to the dumpster.

Upon questions by Mayor Block, Mr. Carlisto explained that without the additional three (3) changes discussed previously, the price tag would be \$8.9 million. He added that there could be additional savings with the rebidding occurring on August 29, 2017.

Mayor Block explained that the City had always been quoted that soft costs would be 20-25% of the construction cost; therefore with the construction cost in the range of \$9.25 million to \$9.5 million, that would leave approximately \$100,000.00 to furnish the building, which he did not feel sufficient.

The City Manager explained that Mr. Ted Cole with Davenport & Company would be able to address the Mayor's questions and concerns when he talked later about the financial matters including loan terms and interest rate proposals.

Mr. Carlisto explained that Edifice, Inc. is was responsible for trying to bring the cost of the building for construction down as much as possible.

Mayor Block commented that the estimated cost has gone from \$7.2 million to either \$8.6 million or \$8.9 million.

Mr. Carlisto explained that the potential could have been \$9.2 million, and right now the cost is at \$8.9 million.

Upon question by Mayor Block, Mr. Carlisto confirmed that if Council adopted the other three

(3) possible cost-saving items discussed previously, the construction cost would be \$8.6 million.

Further discussion ensued between Mayor Block and Mr. Carlisto concerning the cost of construction. Mayor Block asked if \$10 million would cover the cost of construction and the soft costs.

Mr. Carlisto clarified that Edifice, Inc. was the contractor and construction manager, and that he could not answer Mayor Block's question.

Upon question by Councilmember Adams, Mr. Crawford explained that the brick quoins were the white brick and that there is not much of a cost differential for choosing the white brick, so there would be relatively no change in the construction cost if Council chose to have the quoins the same color brick as the building. He added that the brick color would need to be chosen before the brick is ordered.

Mr. Ted Cole, Davenport & Company, explained that Davenport & Company was the financing consultant, and that he would answer some of the questions asked earlier in the meeting and also provide an update on the financing side of the project. He provided the following information:

- Davenport & Company have been working with City staff over the last several months to prepare for financing the project.
- A Request for Proposal (RFP) for financing was sent to a number of lenders and banks.
- Five (5) different proposals from five (5) different lenders were received.
- At the public hearing Council held, Council established a not to exceed amount for financing of \$10 million. That same figure was provided to the banks in the financing RFP, and has been provided to the Local Government Commission (LCG).
- If Council wanted to change the amount to be financed, another public hearing would have to be held, Davenport & Company would have to discuss with the banks, and the application to the LGC would have to be modified.
- The RFP requested 15-year terms and 20-year terms.
- BB&T provided a 15-year option at a fixed rate of 2.60% for closing in late September or by mid-October. BB&T offered the most attractive proposal of the 15-year term proposals.
- Sterling Bank offered the most attractive 20-year term proposal with a fixed rate of 3.30% if the loan closed by September 22<sup>nd</sup>, and 3.37% if the loan closed in October.
- BB&T offered two (2) prepayment options: prepayable in whole on any date at 101% or non-callable for the first half of the loan and callable at par (no penalty) thereafter.
- Sterling Bank offered a prepayable in whole or in part, on any payment date at a 1% penalty for years seven (7) through 13, and at par thereafter.

He then reviewed the estimated debt service for the loan proposals:

- BB&T's 15-year proposal with a closing in September at fixed 2.6% on a \$10 million loan would provide a total payback of \$12,086,572.00.
- Sterling Bank's 20-year proposal with a closing in September at a fixed 3.3% on \$10 million loan would provide a total payback of \$13,474,167.00.

- If the BB&T loan closes in October, the total payback of \$12,072,850.00 with the same terms. Closing in October would make a small difference in the payback.
- If the Sterling loan closes in October, the interest rate goes up to 3.58%, resulting in a total payback of \$13,530,075.00.

Mr. Cole explained that as the process moved forward, Council needed to consider how much to borrow and whether to go with a 15-year or a 20-year term. He added that if Council chose the Sterling 20-year proposal, the General Fund would support its portion of the loan payments. He further explained that if Council chose the BB&T 15-year proposal, the General Fund would not provide the cash flow needed between Fiscal Years 2023 and 2029, so an additional \$489,916.00 of revenue would need to be identified.

Upon question by Councilmember Williamson, Mr. Cole explained that if Council chose the 20-year term proposal with Sterling, there would be no prepayment penalty after the 13<sup>th</sup> year of the loan.

Upon questions by Councilmember Leak, Mr. Cole explained that BB&T generally does not offer 20-year loans. He confirmed that if the City chooses the 15-year term, the City would need to find approximately \$500,000.00, but if the City chooses the 20-year term, the City would not need to find additional revenue for the loan payments. He added that the total payback difference between the 15-year term and the 20-year term was \$1.5 million.

Upon question by Mayor Block as to whether \$10 million was a sufficient loan amount, Mr. Cole explained that currently the construction cost was \$9.2 million, and if Council chose the other \$300,000.00 in cost-savings discussed earlier by Mr. Carlisto, then the construction cost would be \$8.9 million. He added that he thought there was another potential \$300,000.00 reduction, and when the soft costs and reimbursements are added in, that would bring the amount to finance to between \$10 million to \$10.3 million. He further added that depending on the rebidding and choices Council makes on the cost savings proposals, that could bring the total down to about \$9.7 million including reimbursement to the City for money previously spent on the project.

Mayor Block explained that the math did not add up for him, as 20-25% of the \$9.2 million construction cost did not add up to \$10.3 million.

Mr. Cole explained that he was not sure if the soft costs were as expensive as 20% of the construction costs.

The City Manager explained Creech & Associates and Edifice were asked a lot about soft costs, and at one point talked about 30%, 10% being for furniture and fixtures and equipment, 10% contingency for when bids come over, and 10% for architects. He added that Mr. Cole was discussing the actual bid amounts, the actual architect fees, the audio-visual and security cost, the cost of issuance for bond counsel and for Davenport & Company. He further explained that Council had given staff direction to use furniture and equipment that is currently in use, and over a two (2) to three (3) year budget timeframe, purchase any furniture or equipment needed. He added that it was never discussed that furniture would be financed.

Upon question by Mayor Block, the City Manager explained that the \$650,000.00 already spent on the project was included in the \$10.3 million figure, and that there was some overlap into the \$9.2 million figure.

Mr. Cole explained that the \$9.2 million of construction costs, there is about \$1.2 million on top of that that would be added which would include the reimbursements to the City, taking the figure from \$9.2 million to \$10.3 million. He added that to the extent that the construction costs could be reduced, that would make the amount closer to \$10 million or even under. He concluded by stating that from the public hearing perspective and what Council has approved thus far, the LGC application and the information provided to the banks in the RFP, the not to exceed amount of financing was \$10 million.

Upon question by Councilmember Hammond, Mr. Cole clarified that if Council chose to finance over \$10 million, another public hearing would have to be held, the matter would have to be discussed with the banks, and the application to the LGC would have to be changed.

Upon question by Mayor Block, Mr. Cole explained that the LGC is aware of all of the variables concerning the application and are being kept current on the situation.

Upon question by Mayor Block if he advised waiting another couple of months on the financing, Mr. Cole explained that the answer would depend upon how quickly Council can make some decisions on the construction costs.

Upon question by Mayor Block, Mr. Cole explained that plans are proceeding so that the LGC hears the matter at its September 12, 2017 meeting; however, the LGC has not formalized its agenda for that meeting yet.

Upon question by Councilmember Leak, Mr. Cole explained that he did not know if Sterling is headquartered in North Carolina, but there is a gentleman in Kannapolis that Davenport & Company deals with. He added that Davenport & Company deals with a number of banks and lenders that do not do commercial banking, but do provide lending on municipal loans.

Upon question by Mayor Block, Mr. Cole explained that if Council chose to go with the 20-year loan, sufficient revenues have been identified for the payback. He added that if the 15-year loan is chosen, the shortfall in revenue would occur in Fiscal Years 2023-2029. He further added that he did not believe that the LGC would require identification of source for the additional revenue as he felt the shortfall was within a reasonable range since it is not a lot of money.

Upon question by the City Manager, Mr. Carlisto stated that the rebidding would be held on August 29, 2017.

The City Manager explained that the LGC needed to have a definitive loan amount from Council along with the bids before the Labor Day weekend. He suggested that this meeting be recessed to August 31, 2017 to allow Creech & Associates and Edifice time to review and verify the bids from August 29, 2017. He further added that this would provide time for Council to consider the cost-savings options discussed by Edifice and to consider the financing options.

Upon question by the City Manager, Mr. Carlisto stated that his goal was to provide Council with the Guaranteed Maximum Price (GMP) by August 31, 2017.

Following a brief discussion, it was consensus of Council to recess the meeting until Thursday, August 31, 2017 at 5:30 p.m. in the council chambers of the Municipal Building.

**CONSIDER ORDINANCE NO. O-2017-16 AMENDING THE FY 17-18 BUDGET ORDINANCE (O-2017-15)**

The City Manager explained that this budget amendment was necessary because there were funds approved and encumbered in the previous fiscal year for the City Hall and Police Department project, but were not completed by June 30, 2017, the end of the fiscal year. He added that funds encumbered could not be expended unless the product or service was provided by the end of the fiscal year. He further added that the funds included \$38,000.00 to finish architectural and design services and the pre-construction services.

Upon question by Mayor Block, Mr. Harold Haywood, General Services Director, explained that with the \$38,000.00 discussed by the City Manager, the total amount spent thus far is \$497,551 for architectural fees and pre-construction services. He added that with the addition of the \$141,296.00 spent on renovating the Sanford Building and moving from the Barrett Building to the Sanford Building, \$638,846.00 had been expended.

Upon question by Councilmember Hammond, the City Manager explained that two (2) resolutions were approved by Council that would allow these costs to be reimbursed to the City from the loan proceeds.

Following a brief discussion, Councilmember Adams moved to approve Ordinance No. O-2017-16 Amending the FY 17-18 Budget Ordinance (O-2017-15) by increasing General Fund-Fund Balance by \$38,050.00 and allocating \$38,050.00 to General Fund-Building Maintenance/Improvements. The motion was seconded by Councilmember Hammond.

Mayor Block stated that it was ludicrous to keep spending the citizens' money another \$10,000.00 to \$20,000.00 when elections are upcoming and things might change dramatically after the election. He added that there was no urgency to build the building. He further added that he felt that the responsible thing to do with the citizens' money would be to park this issue, move the meeting with the LGC until after the election, and stop spending money on this project that could be completely wasted.

Following further discussion, the roll call vote was taken, and the results were as follows:

Ayes: Adams, Hammond, Leak, Willis, Williamson

Nays: None

(Ordinance No. O-2017-16 on file in City Clerk's office)

**DESIGNATE VOTING AND ALTERNATE VOTING DELEGATE FOR THE NORTH**

## **CAROLINA LEAGUE OF MUNICIPALITIES ANNUAL CONFERENCE**

Motion was made by Councilmember Willis, seconded by Councilmember Leak, and unanimously carried to appoint City Manager Charles Nichols as the Voting Delegate and Councilmember Dolores Hammond as the Alternate Voting Delegate for the North Carolina League of Municipalities Annual Conference.

## **CONSIDER ‘ON THE ROAD IN LAURINBURG/SCOTLAND COUNTY’ REQUEST**

The City Manager explained that the Laurinburg/Scotland County Area Chamber of Commerce (Chamber) had requested that the City participate in the upcoming August to October “On the Road Series”. He added that no funds were budgeted, but that funds could be found in the Community Development budget.

Upon questions by Councilmember Hammond, the City Manager explained that the City’s portion for the 13 week series would be \$3,466.68. He added that the City had been partnering with the Chamber and other entities since the beginning of the series on Laurinburg/Scotland County. He further added that the participants in this series would be Scotland Memorial Hospital, Scotland County Schools, Scotland County Tourism & Development Authority, the Scotland County Economic Development Corporation and the Chamber.

Councilmember Leak moved to fund this 13 week series of “On the Road” at a cost of \$3,466.68 and take the funds from Community Development. The motion was seconded by Councilmember Williamson, and carried unanimously.

## **FIBER REQUEST FOR INFORMATION**

The City Manager explained that interviews had been held with the companies that submitted Requests for Information concerning providing broadband for the City, and that he would like Council to hear from the top two (2) companies. He further explained that both companies are available September 19, 2017 and he did not know if Council wanted to have a special meeting to hear from the companies, Skyrunner and Open Broadband, or include the presentations in the regular meeting.

Following a brief discussion, it was consensus of Council to have a special meeting on September 19, 2017 at 5:30 p.m. in the Council Chambers to hear presentations from Skyrunner and Open Broadband.

## **PUTTING ON THE RITZ RAFFLE**

The City Manager explained that he had been contacted about the possibility of the City donating a Fire Department ride-along or a birthday party at the Fire Department to donate for the Scotland Memorial Foundation’s Putting on the Ritz event.

Following discussion, it was consensus of Council that it would not be in the City’s best interests to participate in the Scotland Memorial Foundation’s Putting on the Ritz event.

## **COMMENTS FROM MAYOR AND/OR COUNCILMEMBERS**

Councilmember Hammond reminded everyone that the United Way Day of Caring was being held on Friday, September 8, 2017 and volunteers are still needed. She added that in addition to volunteers, items are needed for the various agencies' "wants lists". She added that the City's project would be planting shrubbery and plants in the Mi Casita triangle at the intersection of US 401 Bypass and South Main Street.

## **CLOSED SESSION**

At 9:40 p.m. motion was made by Councilmember Adams to go into closed session pursuant to NC General Statute 143-318.11(a) (4) to discuss matters relating to the location or expansion of industries or other businesses in the area served by the public body, including agreement on a tentative list of economic development incentives that may be offered by the public body in negotiations. The motion was seconded by Councilmember Williamson, and carried unanimously.

At 10:21 p.m., motion was made by Councilmember Willis to adjourn the closed session and resume the regular meeting. The motion was seconded by Councilmember Williamson, and carried unanimously.

## **RECESS**

Motion was made by Councilmember Hammond, seconded by Councilmember Williamson, and unanimously carried to recess the meeting until Thursday, August 31, 2017 at 5:30 p.m. in the Council Chambers of the Municipal Building.

The meeting recessed at 10:22 p.m.

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Matthew Block, MD, Mayor

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Jennifer A. Tippet, City Clerk