

**MINUTE BOOK 23, PAGE 378
CITY OF STATESVILLE COUNCIL MEETING – February 1, 2010
CITY COUNCIL CHAMBERS– 7:00 P.M.
STATESVILLE, NORTH CAROLINA**

Mayor Costi Kutteh presiding:

Council Present: Eisele, Huggins, J. Johnson, M. Johnson, Matthews, Stallard, Steele

Council Absent: Gregory

Staff Present: Hites, Gaines, Pressley, Smyth, Davis, Currier, Salmon, Billings, Leaptrott, Watts, Stevens, Halliburton, Fugett

Media Present: J. McNally – Record and Landmark
D. Vieser - Charlotte Observer

Visitors: 5

The invocation was given by the City Clerk and was followed by Pledge of Allegiance.

Prior to official agenda items, Mayor Kutteh introduced Brenda Fugett as the city's record keeper this evening and future City Clerk. Mayor Kutteh advised that due to the inclement weather, Monday's garbage collection was rescheduled for Tuesday. Tuesday and Wednesday's garbage would be collected on Wednesday. Thursday and Friday collections would be as regularly scheduled.

CONSENT AGENDA

- A. Approve minutes of the pre-agenda meeting of January 07, 2010, and Council meeting of January 11, 2010.**
- B. Approve ordinance to close Delivery Stations Capital Project Fund and recommend that any remaining funds shall be transferred to the Electric Operating Fund. (Ord. 05-10)**
- C. Consider approval of non-capital purchase in the Fire Department.**
- D. Receive and concur with the financial report of the Statesville Convention and Visitors Bureau as of December 31, 2009.**
- E. Approval of the annual agreement with the North Carolina Department of Transportation (NC DOT) for the emergency maintenance of traffic signals.**
- F. The Statesville Housing Authority requests to present the estimated designated application for acceptance of the proposed use of 2010-2011 HOME Grant funds.**
- G. Approve automatic aid agreement with West Iredell Volunteer Fire Department for response to Statesville Regional Airport for any aircraft emergency or structure fire and for the Statesville Fire Department to provide reciprocal fire protection in the areas specified in the contract.**
- H. Request authorization to purchase a security system for the park maintenance building and storage areas in the amount of \$1500. Funds will be used from current operating budget.**
- I. Approval of Budget Amendment #33 for energy efficiency rebate projects in the REPS (Renewable Energy Portfolio Standards) program.**

- J. Request authorization to use \$2000 of greenway development funds for the City of Statesville's portion of a grant match to complete a comprehensive greenway master plan for the Carolina Thread Trail in Iredell County.**
- K. Authorize purchase of scanner and associated items not to exceed \$25,000 and approval of Budget Amendment #34.**
- L. Request to appropriate the insurance money in the amount of \$2,554 and increase the vehicle maintenance and repair account of the Police Department and approval of Budget Amendment #32.**

Upon a motion by Council member Matthews, seconded by Council member Eisele, Council unanimously approved the consent agenda.

REGULAR AGENDA

Present 2009 Mayor's Cup Award to John and LeAnda Barnard.

The Barnards were selected for their property "Barnard/Lippard Building" located at the corner of North Center Street and Water Street.

The Mayor's Cup is given each year by the Community Appearance Commission to the person or organization that has made a significant contribution to improving the appearance of Statesville.

Due to inclement weather this item was deferred until the February 15, 2010 Council Meeting. Mayor Kutteh announced the Barnards will host a reception at 5:30 p.m. on February 15, 2010, at the Barnard/Lippard Building.

Presentation of awards for years of service to the following Historic Preservation commission Members: Jon Dunham, Nate McElwee, and Sally Parker.

Jon Dunham:

Mr. Dunham has served on the Historic Preservation Commission for a total of three years. He was involved in getting Statesville's first local landmark established, Statesville Depot. Mr. Dunham served as the Commission Chair for two years and was an active member on the HPC Sub-committee. Mr. Dunham has shown his dedication through attendance and perseverance to make the Commission meetings run smoothly.

Nate McElwee:

Mr. McElwee has served on the Historic Preservation Commission for a total of three years. Mr. McElwee was also involved in Statesville's first local landmark. Over the past three years Mr. McElwee has been an asset to the Commission with his knowledge of design and attention to detail.

Sally Parker:

Mrs. Parker has served on the Historic Preservation Commission for a total of six years and was also present when the Statesville Depot was locally landmarked. Mrs. Parker has a vast knowledge of the historic home market and has brought her knowledge of historic preservation to the Commission. This past year she was a participant in the 2009 NC Preservation Conference held in New Bern, NC.

All three of these individuals have served the community by showing their passion to protect historic structures and the history of Statesville and they will be missed.

Mayor Kutteh recognized Jon Dunham, Nate McElwee and Sally Parker for their years of service with the Historic Preservation Commission. Mr. Dunham was in attendance and came forward for the presentation.

Conduct a Public Hearing on a request by a corporation that manufactures furniture to receive a grant to aide, locate and expand their operation in Statesville.

The industry plans to invest up to \$14,500,000 in new tax base within the city limits and employ 56 people. The corporation plans to pay an average of 100% of the County average wage and to provide health care and other benefits.

Based on a five year incentive grant this city would invest \$220,400.

Mr. Smith came forward and explained the existing Statesville corporation was seeking an incentive grant to aid in the expansion of their facility. The expansion would consist of updating and expanding existing structures and the creation of 38,000 square feet of new manufacturing space. Total new investment would be \$13,000,000 over a 3 year period. The expansion would create 100 new jobs over a 5 year period with wages above the County average wage. Mr. Smith stated they were seeking city investment of \$157,170 over a 5 year period.

Mayor Kutteh declared the public hearing open.

There being no speakers, Mayor Kutteh closed the public hearing and asked for a motion from Council.

Upon a motion by Council member Stallard, seconded by Council member Eisele, the request by a corporation that manufactures furniture to receive a grant to aide, locate and expand their operation in Statesville was unanimously approved.

Conduct a Public Hearing concerning the condemnation of 442 Salisbury Rd. and pass an ordinance to condemn the structure as unfit for human occupancy.

Planning Director David Currier advised this property is owned by Margaret Jones, James Jones, Louise J. Almond, Mary J. Jones, Dolletha J. Mullins, Ruth J. Woods, Carl Jones, Frances Jones Miller, Betty J. Byrd, Shirley J. Weldon, Joan Evan and Lawrence Jones. It was their mother's house until she passed away some years ago. It is in a very dilapidated state. I have worked with Frances Miller who is in charge of the property for the rest of her brothers and sisters and on this property. She informed me that they did not have the money to bring the house up to standard. She asked for more time which I have giving but nothing has been done to the property. The first hearing was held on April 8th, 2009 with just Frances Miller attending. I held a second hearing on September 16th, 2009 where I published notice of the hearing in the paper with all of their names. No one attended.

Structure violates city minimum housing code standards in the following manner:
There are missing window panes in numerous windows. The Hot water heater has fallen through the floor in the kitchen. The ceiling in the bathroom has rotted through. The floor joist is rotten. The back area of the house is looks as if the footings are sinking. The floor is sagging and very spongy, overall feels very weak throughout the entire house. There are leaks in the ceiling. There is no working heating system in the house. The wiring needs redone. It has the old style panel box. The plumbing needs redone. The wood on the exterior of the house is very rotten. The sill plates are very rotten along with the bands on the floor joist. Most of the wood on the windows is rotten. This house appears to have someone living in it without power or plumbing and the house is very unsafe. There are other violations of the minimum housing code.

Repair costs would exceed \$19,500.00, tax value of house is \$33,270.00. As the repair costs exceed fifty percent of the existing value of the house, it meets the legal requirements for demolition. Real Estate Taxes for 1999-2009 are due in the amount of \$4,383.00.

Mayor Kutteh declared the public hearing open.

There being no speakers, Mayor Kutteh closed the public hearing and asked for a motion from Council.

Upon a motion by Council member Steele, seconded by Council member Matthews, the request by staff to pass an ordinance to condemn the structure at 442 Salisbury Rd as unfit for human occupancy was unanimously approved.

Conduct a Public Hearing concerning the condemnation of 1001 8th St. and pass an ordinance to condemn the structure as unfit for human occupancy.

Planning Director David Currier advised this property is owned by Climic Mondello Browner and Climic Rodolphus Browner, Jr. It was their father's house until he passed away some years ago. It is in a very dilapidated state. I have worked with them the last 2 years on this property. They were first going to sell the house then they were going to demolish it themselves. They agree the house needs to be demolished. They both live in New York which makes communicating with them even more difficult.

Structure violates city minimum housing code standards in the following manner:
There are numerous broken windows in the house. The roof has numerous leaks. The doors have been kicked in and people are using the property to live in plus do illegal activity. The exterior wood needs to be painted or protected from the elements. The windows need screens. The electrical needs to be redone, there are missing outlets throughout the house and someone has taken down the panel box. The plumbing needs to be checked and possibly redone. There are cracks and holes in the ceiling. The hot water heater is missing. There is no heat in the house. The house is full of trash and debris. There are similar violations of the minimum housing code.

Repair costs would exceed \$26,900.00, tax value of house is \$28,780.00. As the repair costs exceed fifty percent of the existing value of the house, it meets the legal requirements for demolition. Real Estate Taxes for 2009 are due in the amount of \$318.77.

Mr. Currier stated per the Pre-Agenda meeting a Vector Letter would be included.

Council member Steele asked if it was possible to burn the structure instead of demolish it. Mr. Currier replied there would be asbestos issues if the City chose to burn instead of demolish.

Mayor Kutteh declared the public hearing open.

There being no speakers, Mayor Kutteh closed the public hearing and asked for a motion from Council.

Upon a motion by Council member Stallard, seconded by Council member Huggins, the request from staff to pass an ordinance to condemn the structure at 1001 8th St. as unfit for human occupancy was unanimously approved.

Conduct a public hearing on the matter of entering into an Installment Financing Agreement not to exceed \$2,000,000 for the purpose of financing the cost of acquiring, constructing, and equipping a new fire station facility.

Finance Director Lisa Salmon explained the City is considering entering into an installment financing agreement pursuant to G.S. 160A-20 in a principal amount not to exceed of \$2,000,000 for the purpose of financing the cost of acquiring, constructing and equipping a new fire station facility at 115 Martin Lane. To secure its obligations under the Agreement, the City will execute and deliver a deed of trust on all or a portion of the real property.

In accordance with G.S. 160A-20(g), the City is required to hold a public hearing on such installment financing agreement to hear anyone who might wish to be heard on advisability of the proposed Project or financing. The notice of the public hearing has been published in the local newspaper as required by general statutes.

Council member M. Johnson inquired if we had actually been awarded the recovery zone economic development bond. Ms. Salmon explained the process of being awarded the bond.

Council member J. Johnson asked what the actual cost of the loan would be. Ms. Salmon replied approximately \$21,000 which included fees to council, closing costs, and title insurance.

Council member M. Johnson asked what our combined internal rate on return of investment was this month. Ms. Salmon replied as of December 31, 2010 the average was 1.99%.

Council member M. Johnson and Ms. Salmon discussed public sector sentiment about rates of return over the next five years.

Council member J. Johnson stated payment for the fire station should come from the General Fund, not be borrowed. Ms. Salmon replied there were favorable financing options right now due to the Economic Incentive Plan. Ms. Salmon stated borrowing the money would free up cash to use for other projects that did not qualify, but the decision was Council's to make.

Mayor Kutteh declared the public hearing open.

There being no speakers, Mayor Kutteh closed the public hearing and asked for a motion from Council.

Council member Stallard agreed with Council member J. Johnson that he did not like to borrow money either but it made sense considering the favorable financing which would enable the city to use General Funds for other projects.

Mayor Kutteh agreed and compared this to the Airport project.

Council member J. Johnson stated he was against borrowing the money to build the fire station in order to use money from the General Fund to finance the downtown project, which he was also against.

Upon a motion by Council member Stallard, seconded by Council member Eisele, the request to enter into an Installment Financing Agreement not to exceed \$2,000,000 for the purpose of financing the cost of acquiring, constructing, and equipping a new fire station facility was approved. The vote was as follows:

Ayes: Stallard, Huggins, Matthews, M. Johnson, Eisele, Steele

Nays: J. Johnson

Council member J. Johnson reiterated that he was 100% for building the fire station, but opposed to borrowing money to build it.

Adopt a resolution making certain findings and determinations regarding the financing of the acquisition, construction, and equipping of a new fire station facility pursuant to an Installment Financing Agreement and requesting the local government commission to approve the financing agreement. (Reso. 02-10)

Finance Director Lisa Salmon advised that proposals for Installment Financing on the City's new fire station project will be received by the City on Friday, January 29, 2010 pursuant to a Request for Proposals (RFP issued on January 19, 2010. The proposals will be evaluated and a recommendation will be made at the Council meeting.

This financing is eligible for treatment as a "recovery zone economic development bond," which has a taxable interest rate to the bondholder and a 45% federal interest subsidy to the City. The City's RFP requested both taxable rate and traditional tax-exempt rate proposals in order to evaluate the merits of both forms of financing.

We are planning to seek approval of the financing from the Local Government Commission at its March 2, 2010 meeting, and to close on the loan on or about March 8, 2010. This timeline meets the requirements to use recovery zone economic development bonds should the City choose to do so.

Adoption of this resolution is necessary in order for the City to proceed with the financing of the new fire station:

1. The City will enter into an Installment Financing Agreement in the principal amount of \$1,947,000 to pay the costs of the project.
2. In order to secure its obligations under the financing agreement, the City will execute a deed of trust granting a lien on all or a portion of the property and facility.
3. No tax increase is necessary to pay the installment payments under the Agreement.

Staff recommends Option 2 offered by Bank of America: Taxable recovery zone economic development bond, Installment Financing Agreement, 10-year term, with a fixed interest rate of 5.030% and a net interest rate of 2.7665% with the 45% federal interest subsidy payments.

Council member J. Johnson asked if the \$7,500.00 was included in the \$21,000 and if Bank of America and BB&T both had prepayment penalties. Ms. Salmon replied the \$21,000 was all inclusive and both had prepayment penalties.

Council member J. Johnson asked if it was certain we would receive reimbursement and what happens if the US Treasury does not fulfill its obligation. Ms. Salmon stated there is some risk, but the US Treasury does not have a history of not fulfilling its obligations.

Mayor Kutteh inquired how reimbursement was made. Ms. Salmon replied the City would file a form for reimbursement 90 days before the interest payment is due.

Upon a motion by Council member M. Johnson, seconded by Council member Stallard, Council authorizes the filing of an application with the Local Government Commission for approval of the Installment Financing Agreement. The vote was as follows:

Ayes: Stallard, Huggins, Matthews, M. Johnson, Eisele, Steele

Nays: J. Johnson

Adopt a resolution authorizing the execution and delivery of an Installment Financing Agreement, a Deed of Trust and related documents in connection with the financing of a new fire station facility. (Reso. 03-10)

Finance Director Lisa Salmon advised Council that adoption of this resolution is necessary in order for the City to proceed with the financing of the new fire station:

1. The City will enter into an Installment Financing Agreement pursuant to G.S. 160A-20 not to exceed a principal amount of \$2,000,000.
2. The City will execute a Deed of Trust granting the Bank a lien n the site of the project and all buildings, improvements, and fixtures located on the site.
3. Draft copies of the Installment Financing Agreement and Deed of Trust (attached) have been presented to the City Council. These documents were prepared by the City's special counsel, G. Thomas Lee of Womble Carlyle Sandrich & Rice.
4. The City Council approves the Installment Financing Agreement and Deed of Trust in substantially the forms presented and authorizes the Mayor, City Manager, and Finance Director to execute and deliver on behalf of the City each of these documents.

Staff recommends adoption of the resolution.

Upon a motion by Council member Stallard, seconded by Council member Matthews, Council agrees to adopt a resolution authorizing the execution and delivery of an Installment Financing Agreement, a Deed of Trust and related documents in connection with the financing of a new fire station facility. The vote was as follows:

Ayes: Stallard, Huggins, Matthews, M. Johnson, Eisele, Steele

Nays: J. Johnson

Receive update on Greenway damage due to recent storms.

Recreation and Parks Director Brent Cornelison gave a presentation with photos of damage to the Greenway due to recent storms. Mr. Cornelison stated once good weather arrives he hopes to repair damages using city staff labor. Staff and Council discussed the feasibility of repaving portions of the trail that were repeatedly damaged due to flooding. Council member M. Johnson asked if the trail could be elevated and brought out of the flood area. City Engineer Pressley advised staff will review flood areas.

Award informal bid for water and sewer line extensions to Fire Station #4.

Assistant Manager Growth & Development/City Engineer Larry Pressley informed Council the City had received bids for water and sewer extensions for Fire Station #4 on January 15, 2010.

As you may recall, Fire Station #4 will be located on Martin Lane off Mocksville Road and the extensions are required to provide water and sewer service to the new fire station.

Four informal bids were received and the results are tabulated below:

1. Bell Construction Company	\$ 79,237
2. Ronny Turner Construction Co.	\$124,285
3. Locke Lane Construction Co.	\$128,821
4. Gilbert Engineering	\$189,981

As evidenced above, Bell Construction Co., of Statesville, NC is the low bidder in the amount of \$79,237.

Bell Construction is a well recognized utility contractor that has completed many projects for the City and local developers.

Therefore, staff recommends award of bid in the amount of \$79,237.00 contingent upon NC DENR's approval of the water and sewer plans.

Council member M. Johnson asked to be excused from voting on this topic due to a conflict of interest.

Council member Stallard made a motion, seconded by Council member Huggins, to excuse Council member M. Johnson from this topic.

Upon a motion by Council member J. Johnson, seconded by Council member Stallard, Council unanimously approved to award bid to Bell Construction in the amount of \$79,237.00 contingent upon NC DENR's approval of the water and sewer plans for water and sewer line extensions to Fire Station #4.

Mayor Kutteh asked for a motion for Council member M. Johnson to return to his seat. **Council member Stallard made a motion, seconded by Council member J. Johnson, for Council member M. Johnson to return to his seat.**

To amend Ordinance #31-09 (See attachment), which established the budget for the 2009 Traffic Safety Grant via Governor's Highway Safety Program (GHSP) funding by transferring \$10,000 from Personnel Services to Operating Costs (\$5,000) and Equipment (\$5,000) equally, and approve BA # 35

Dan Miglin with the Statesville Police Department explained to Council the GHSP awarded the Statesville Police Department a grant valued at \$199,203 (including a 15% cash match from the City), which went into effect on 10/1/2009. An ordinance (#31-09) was set up by the Finance Department which appropriated funds as follows: \$96,843 in Personnel Services, \$13,360 in Operating Costs, and \$89,000 in Equipment.

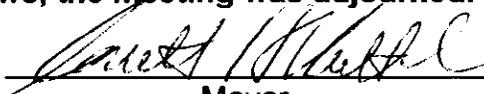
Until recently, the Statesville Police Department was unable to reach "full staff" level, and therefore was unable to draw salaries from this grant until reaching "full staff" level due to supplanting issues. As a result, it is anticipated that excess funds will remain in the Personnel Services budget by the end of the first year (September 30, 2010) of the grant.

Upon the recommendation of the Department's GHSP Grant Manager, Cheryl Leonard, we request to transfer \$5,000 into Equipment and \$5,000 into Operating Costs from Personnel Services. The transfer of funds will not affect the overall budget and will allow the Department to purchase a LIDAR unit, 4 digital cameras, and provide additional, advanced training to our Traffic Unit officers.

Upon a motion by Council member Steele, seconded by Council member Stallard, Council granted the request to transfer \$5,000 into Equipment and \$5,000 into Operating Costs from Personnel Services.

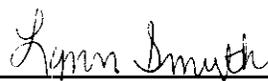
Mayor Kutteh reminded Council members the next pre-agenda meeting would be on Wednesday, February 10th.

There being no other business, upon a motion by Council member Steele, seconded by Council member Matthews, the meeting was adjourned.



Mayor

ATTEST:



Deputy City Clerk



