

MINUTE BOOK , PAGE

CITY OF STATESVILLE PRE-AGENDA MEETING MINUTES – MAY 01, 2023

CITY HALL – 227 S. CENTER STREET, STATESVILLE, NC – 6:00 P.M.

Council Present: Mayor Kutteh presiding, J. Johnson, Jones, Allison, Lawton, Hudson, S. Johnson, Foster

Council Absent: Wasson

Staff Present: Ron Smith, Fugett, Messick, Pierce, Harrell, E. Kurfees, Nesbit, Ferguson, Shelton, Holman, Gregory, Griggs, G. Kurfees, Onley, Ashley, Tart, Weatherman, NaKayla Griffin

I Call to Order

Mayor Kutteh called the meeting to order. He announced that Council will go into Closed Session following the meeting to discuss a Personnel matter.

Mayor Kutteh reviewed the following agenda.

II Invocation

III Pledge of Allegiance

IV Adoption of the Agenda

V Code of Ethics

VI Presentations & Recognitions

1. Proclamation – National Police Week – May 14-20, 2023 & Peace Officers Memorial Day-May 15, 2023
2. Proclamation – National Public Works Week - May 21–27, 2023 - “Connecting the World Through Public Works”
3. Proclamation – National Travel & Tourism Week - May 7-14, 2023
4. Mayor’s Cup Award - Present the 2022 Mayor’s Cup Award to Blueharbor Bank.

Presentation on the Green Street Cemetery by Juli Moore, Director of the Iredell County Library.

Mayor Kutteh stated that Ms. Moore will report on the historic significance of the cemetery and the Green Street/Garfield Street district as well as the recent ground-penetrating radar survey conducted at the site. He added that the woods that were cleaned up are actually on private property and not really a part of the cemetery, even though there are graves there. Mr. Todd Scott obtained permission from the owner for the City to clean that area up. The local chapter of the NAACP has made a financial grant to continue the work at the site.

VII CONSENT AGENDA

All items below are considered to be routine by City Council and will be enacted by one motion. There will be no separate discussion on these items unless a Council member requests, in which event, the item will be removed from the Consent Agenda and considered with the other items listed in the Regular Agenda.

- A. **Consider approving the April 17, 2023 Pre-Agenda and City Council meeting minutes.**
- B. **Consider approving 2nd reading of TA23-04: Text Amendment to the Unified Development Code filed by Mark Sanger (WSIC) to amend Article 3. Zoning, Section 3.04 Zoning District Regulations, Table 3-1: Use Matrix. (Ashley)**
- C. **Consider approving 2nd reading of TA23-05: Text Amendments filed by the City of Statesville to amend the City Code, Chapter 21 Streets and Sidewalks, Article III, Improvements, Construction, Etc., Sections 21-83. Through 21-86. and the Unified Development Code, Article 1. Administration, Section 1.02 Purpose, Section 1.03 Interpretation, Section 1.04 Responsibilities for Application of Code, Section 1.05 Exemptions, Article 8. Public Facilities Requirements, Section 8.06 Streets, B. Street Design, G. Other Improvements. And Article 9 Definitions. (Ashley)**
- D. **Consider approving a resolution directing the City Clerk to Investigate a Petition of Annexation of AX23-07 from Clayton Homes of Statesville for PIN #4753-99-3612 for the property located at 413 Twin Oaks Road; Receive the City Clerk's Certificate of Sufficiency; Consider approving a resolution setting the date of May 15, 2023, for a public hearing for the petition for annexation. (Ashley)**
- E. **Consider approving 2nd reading of annexation request AX23-04, an ordinance to annex the 3 properties located on Whites Mill Road Drive, PIN #'s 4743-36-9145, 4743-45-5248, & 4743-54-3605; Larkin Front 9 (True Homes LLC) properties. (Ashley)**
- F. **Consider approving Samet Corporation to be the Prime Contractor for the construction of the new Airport Terminal Building. (Ferguson)**
 Airport Manager John Ferguson stated that the Terminal Building will be constructed using a new method called Construction Management at Risk (CMR). This is where a contractor is selected by qualifications instead of low bid. The contractor will work side by side with the architect to produce the drawings for the building. The contractor then solicits bids for the subcontract work, thus giving the city the lowest construction cost possible. Three firms were interviewed, G.L. Wilson, Samet, and Barnhill Construction. Samet was chosen due to their extensive experience in the CMR process and their high usage of local subcontractors and high usage of HUB subcontractors. Samet will also be working with Mitchell Community College with their Electrical and HVAC students to give them on-the-job experience. Estimated completion of the building is January 2025. Previously Council approved receipt of the funds for the construction of the Terminal building in the amount of \$9.7 million. This is a 100% grant from the SCIF funds.
- G. **Consider approving the Community Appearance Commission's request to purchase five sculptures to install at the proposed locations. (Griggs)**
 Mayor Kutteh said that the Statesville Community Appearance Commission is requesting to install four sculptures in the streetscape area of downtown Statesville and one sculpture in Mac Anderson Park. The Community Appearance Commission has chosen a proposed location and an alternate location for each sculpture in the downtown area. The Commission already has the budgeted funds available to

purchase the first four listed sculptures. The sculpture proposed for 746 Shelton Avenue will be funded jointly by the Statesville Housing Authority and the Community Appearance Commission.

REGULAR AGENDA

- IX Conduct a public hearing and consider approving first reading of AX23-05, an ordinance to annex the property located at the corner of James Farm Road and Glenway Drive. PIN #4745- 78-7821 Falls Park (James Glen Multi-Family) property. (Ashley)**

Mayor Kutteh stated that the request has been submitted by Elevation Acquisition & Development on behalf of Falls Park LLC. The parcel is approximately 16.73 acres and is located at the corner of James Farm Road and Glenway Drive. The property is the site of the proposed James Glen Multi-Family Development. The James Glen Multi-Family Development consists of 11 buildings and 264-units. The parcel being requested for annexation is located outside the primary corporate limits of the City of Statesville but is within the Extra-Territorial Jurisdiction; and is zoned R-5MF CZ (High Density Multi-Family Residential Conditional Zoning) District. The applicant requests voluntary annexation to utilize city water and sewer services.

- X Consider approving a resolution to take over the maintenance of the abandoned Green Street Cemetery. (Smith)**

Mayor Kutteh stated that the Green Street Cemetery has been abandoned since the mid-1900s. The City of Statesville has been maintaining the cemetery since 1961. The Resolution from 1961 is not signed and there is not a signed copy on file with the Register of Deeds. Given the time lapse, we must adopt a new resolution in order to have it on file at the Register of Deeds for the City to take over the maintenance of the cemetery.

City Council moved this item to the Consent Agenda.

- XI Consider approving a request from Waves Entertainment and All-American Stage, Sound and Lights, LLC to move the previously approved Second Saturday Festivals to Downtown Statesville. (Griggs)**

Parks & Recreation Director Richard Griggs stated that Waves Entertainment and All-American Stage, Sound, and Lights, LLC were previously approved to host a series of Second Saturday Festivals at Martin Luther King, Jr. Park. The event is growing, and the applicants would like to move the event to Downtown Statesville on Broad Street from Mulberry to Meeting Street (Plan B). The City would remain a co-sponsor of the event and provide in-kind services, including police personnel. Event dates include July 8, August 12, September 9, and October 14, 2023. DSDC has reviewed the event application and are in favor of the festival in the Downtown area. City in-kind services would primarily be personnel related (i.e., delivery and pickup of barricades, trash receptacles, police presence, etc.), if co-sponsored. The estimated cost of services is roughly \$2,000 for a one-day event, the bulk of which is to pay for four police officers. When the event was held last year at the park, the City covered the cost of two officers. If the Police Department has recommended four officers for these events, then he recommends requesting that Waves Entertainment split the cost of the officers as is required for other events. The hours for the street closures will be from 2:00 p.m. to 7:00 p.m. with dismantle hours from 7:00 p.m. to 10:00 p.m. City Council is okay with both Options A and B but not using the church parking lot.

City Council moved this item to the Consent Agenda.

- XII Receive a report on the current state of parking in Downtown Statesville, key issues, and possible solutions. (Marlow-DSDC)**
- XIII Consider approving a financing proposal for the Municipal Operations Center (Warehouse) and Fire Station 1. (Smith)**
- XIV City Manager's Report**
- XV Advisory Boards Meeting Minutes**
 - 02/15/2023 Technical Review Committee Meeting Minutes
 - 03/01/2023 Technical Review Committee Meeting Minutes
 - 03/15/2023 Technical Review Committee Meeting Minutes
 - 03/28/2023 Planning Board Meeting Minutes
 - 04/05/2023 Historic Preservation Commission Meeting Minutes
 - 04/13/2023 Downtown Design Review Committee Meeting Minutes
- XVI Other Business**
- XVII Closed Session**

Council member Foster made a motion to move to Closed Session to discuss a Personnel matter, seconded by Council member Hudson. The motion carried unanimously.

Mayor Kutteh stated that while in Closed Session, City Council discussed a Personnel matter, and no action was taken.

Council member J. Johnson made a motion to adjourn, seconded by Council member S. Johnson. The motion carried unanimously.

Constantine H. Kutteh, Mayor

Brenda Fugett, City Clerk

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CITY OF STATESVILLE COUNCIL MEETING MINUTES – MAY 01, 2023
CITY HALL – 227 S. CENTER STREET, STATESVILLE, NC – 7:00 P.M.

Council Present: Mayor Kutteh presiding, J. Johnson, Jones, Allison, Lawton, Hudson, S. Johnson, Foster

Council Absent: Wasson

Staff Present: Ron Smith, Fugett, Messick, Pierce, Harrell, E. Kurfees, Nesbit, Ferguson, Shelton, Holman, Gregory, Griggs, G. Kurfees, Onley, Ashley, Tart, Weatherman, NaKayla Griffin

I Call to Order

Mayor Kutteh called the meeting to order.

II Invocation

The City Clerk gave the invocation.

III Pledge of Allegiance

Mayor Kutteh led the pledge of allegiance.

IV Adoption of the Agenda

Mayor Kutteh stated that Items X and XI on the Regular Agenda were moved to the Consent Agenda at the Pre-Agenda Meeting. He asked for a motion on the amended agenda.

Council member J. Johnson made a motion to approve, seconded by Council member Foster.

V Code of Ethics

On behalf of Council member Allison, who has laryngitis, Mayor Kutteh thanked all staff who worked on removing a fallen tree after hours on Friday in the South Statesville's Park.

Mayor Kutteh thanked all that were involved in dealing with the downtown fires.

VI Presentations & Recognitions

Mayor's Cup Award - Present the 2022 Mayor's Cup Award to Blueharbor Bank.

Mayor Kutteh presented the Mayor's Cup Award to Blue Harbor Bank. Blueharbor Bank was selected to receive the Mayor's Cup Award for improving the appearance of Statesville at 108 North Tradd Street. The Mayor's Cup is awarded each year by the Community Appearance Commission to the person or business that has made a significant contribution to improving the appearance of Statesville.

Proclamation – National Police Week – May 14-20, 2023 & Peace Officers Memorial Day-May 15, 2023

Mayor Kutteh read and presented the proclamation to Statesville Police Sgt. Kevin Brookshire, Asst. Police Chief John Ivarsson, and Police Chief David Onley.

Proclamation – National Public Works Week - May 21–27, 2023 - “Connecting the World Through Public Works”

Mayor Kutteh read and presented the proclamation to Assistant City Manager Scott Harrell and Public Works Director Mark Taylor.

Proclamation – National Travel & Tourism Week - May 7-14, 2023

Mayor Kutteh read and presented the proclamation to Statesville Convention & Visitors Bureau members: Debbie Williamson, Jimmy Patel, Michelle Hepler, Donald Hicks, and Executive Director Cindy Sutton.

Presentation on the Green Street Cemetery by Juli Moore, Director of the Iredell County Library.

Good evening, I'm Juli Moore the Director of the Iredell County Public Library and I am here to provide an update on the Green Street Cemetery Ground Penetrating Radar Survey.

As a librarian, I strive to provide accurate information, which is difficult in a time where people rely heavily on the internet, and often don't fact check to see if their source is reliable or credible. There has been a lot of misinformation spread about this project and I hope to clear up some of this misinformation tonight.

This project has a lot of moving parts, collaborating agencies, and a variety of parameters which we need to be mindful of. In my opinion, a lot of the confusion comes from the County and the City being two separate entities. I am appreciative and excited that we are able to work together on this incredible preservation project. The County, specifically the Library is managing the grant and the City is responsible for the care and upkeep of the Green Street Cemetery. For the citizens this is irrelevant but from the standpoint of how each organization proceeds and the parameters in which the County and City operate it is not.

I loved what Vivian Williams said during the public comment period on April 17, 2023 at the City Council meeting, "This is phase 1, part A of the project," or how I like to refer to it, the first step of many. The Library is involved in the first step but moving forward the Library will not be a part of the additional steps the City takes unless our assistance or partnership is requested, as we do not want to overstep our bounds.

Grants are wonderful and complicated all at the same time. Grants provide the opportunity to have an impact or meet a specific need, but each grant has guidelines the recipient must follow to a T in conjunction with their organizations and partnering organizations operating procedures.

In case there are people in attendance this evening that are not familiar with the Green Street GPR Survey I will take a few minutes to provide some background information. The Iredell County Public Library applied for a \$20,000 Large Project Grant through NC Humanities last year and was awarded the grant in September 2022. The grant requires a 2 to 1 match, and the \$40,000 match is being provided in-kind.

The \$20,000 the Library received from NC Humanities will pay for the cost of the GPR survey in the amount of \$5,970 and materials and supplies in the amount of \$14,030. The matching funds provided in-kind by the Library and our community partners which include the City of Statesville, the Statesville Branch of the NAACP, and Downtown Statesville total \$53,430, well above the \$40,000 required. The Library and the community partners are providing

goods and services as opposed to money, while working collaboratively together and building relationships. This is a great time to point out that everyone working on this project is contributing their time, services, and expertise in addition to their regular duties and not in lieu of.

The NC Humanities Large Project grant funding period runs from November 1, 2022 through June 30, 2023. No funds were allowed to be expended nor could work be completed that was counted toward the in-kind match prior to November 1, 2022.

Len Strozier from Omega Mapping Services was awarded the contract to survey the cemetery. In order to select Omega Mapping, the Library was required to provide three quotes to the County's Purchasing & Contracts manager. Once the quotes were reviewed and Omega Mapping was selected, the contract had to be reviewed, approved, and signed. Once we had a signed contract, we contacted Omega Mapping to schedule the GPR survey based on their availability.

Approximately 70% of the survey has been completed to date. Mr. Strozier started the survey on Friday, March 24, 2023 and worked through Thursday, March 30, 2023. As of March 30th, Mr. Strozier had marked 1,673 graves with orange flags and documented 143 graves with tombstone markers for a total of 1,816 graves. The library has since identified nine more graves that had markers that had been grown over for a total of 152 graves with markers at this point.

The area behind the funeral home required further clearing and cleaning in order for Mr. Strozier to accurately complete the survey. The City of Statesville began clearing out this area on Wednesday, April 19, 2023 and the cleaning and clearing is estimated to be completed this week. This was a huge undertaking, requiring the removal of trees and overgrowth. Not to mention that prior to starting the survey we had to obtain approval from the owner of the land behind the funeral home to be able to clear it and conduct the survey.

I contacted Teddy Boller at Iredell County Solid Waste and inquired as to how many loads of debris were brought to the landfill from Green Street and what the associated costs were. Mr. Boller reported that 18 truckloads of debris were hauled from Green Street Cemetery with a chargeable weight of 29,280 lbs. or 14.64 tons, with a chargeable cost of \$585.60. The County approved waiving the tipping fees that the City would normally be charged. Once the cleanup is complete, we will schedule a time for Mr. Strozier to return and survey the remaining area along Elm Street and the area behind the funeral home. Mr. Strozier recorded the GPS coordinates of the 1,673 graves that he flagged up to this point. Once the survey is complete, he will provide a map of the cemetery with the location of each burial.

On Wednesday, April 12th from 12-5, the Library hosted a community service program, along with their partners, inviting members of the community to replace each flag with a permanent marker. A total of 35 community members assisted with this project throughout the day, including library staff, city staff, and members of the NAACP. In 5 hours, 1,400 flags were removed and replaced with permanent markers. The next day, Thursday, April 13th, Library employees Joel Reese and Shellie Taylor returned to install the remaining markers and a couple of community members showed up to assist.

The permanent markers were selected on the recommendation of Mr. Strozier. In the future, if the markers are grown over with grass their location will be easily identified with a metal detector. Also, if at some point small flat brick or stone markers are installed for each

unmarked burial the permanent metal markers should remain in place. The flat stone markers would not be able to be easily found if covered with grass, but the bolts would be able to be easily located as mentioned above.

Once the survey is complete, the Library will order the additional markers needed and host another program, inviting the community to participate again. Let me just say that installing the markers is very physical work. There were several community members that stopped by and offered moral support and kind words but were not physically able to assist with this aspect of the project. I will admit that I was sore for several days after installing quite a few markers.

After the additional markers are ordered and we know how much grant funding is available to work with the Library will meet with their community partners to determine the best sign options to present to the public for feedback and approval through 2 community forums. The forums will be held at City Hall and have been scheduled for May 16th and May 30th.

This project has been an honor and a privilege to work on. One of the things I love most about my job is the opportunity to have a positive impact on the community that I serve and have called home for 20 years, but this does not go without challenges. As with any project, program, and/or service that the library offers it is always hard to communicate and get the word out to the public. As I hope most of you know, the library is so much more than books and that message is not always heard or seen. This project has been no different, we have communicated updates through email, newsletters, on social media, in the newspaper, through our community partners, and by offering programs just to name a few. But if the community does not have email or check email on a regular basis, does not partake in social media, have access to the internet, get the newspaper, or come to the library, all the community is not reached.

I also want to express my great appreciation to the City of Statesville, the Statesville Branch of the NAACP, Downtown Statesville, library staff, the community, County Administration, and Iredell County Solid Waste. Without the support and collaboration of all these organizations and people this project would not be possible.

After the GPR survey grant project through NC Humanities is wrapped up the Statesville NAACP has committed to assist with the cost of cleaning and repairing the headstones in the cemetery.

Thank you for your time and attention and I am happy to answer any questions at this time.

Council member Allison thanked Ms. Moore and all those working on this project for everything they have done.

VII CONSENT AGENDA

Mayor Kutteh stated that all items below are considered to be routine by City Council and will be enacted by one motion. There will be no separate discussion on these items unless a Council member requests, in which event, the item will be removed from the Consent Agenda and considered with the other items listed in the Regular Agenda.

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- F. Consider approving Samet Corporation to be the Prime Contractor for the construction of the new Airport Terminal Building. *(Ferguson)*
- G. Consider approving the Community Appearance Commission's request to purchase five sculptures to install at the proposed locations. *(Griggs)*
- X Consider approving a resolution to take over the maintenance of the abandoned Green Street Cemetery. *(Smith)*
- XI Consider approving a request from Waves Entertainment and All-American Stage, Sound and Lights, LLC to move the previously approved Second Saturday Festivals to Downtown Statesville. *(Griggs)*

Mayor Kutteh asked if any Council member wanted any of these items moved to the Regular Agenda. Hearing none, he asked for a motion to approve the Consent Agenda.

Council member Foster made a motion to approve the Consent Agenda, seconded by Council member J. Johnson. The motion carried unanimously.

REGULAR AGENDA

- IX Conduct a public hearing and consider approving first reading of AX23-05, an ordinance to annex the property located at the corner of James Farm Road and Glenway Drive. PIN #4745-78-7821 Falls Park (James Glen Multi-Family) property. Planning Director Sherry Ashley stated that the request was submitted by Elevation Acquisition & Development on behalf of Falls Park LLC. The parcel is approximately

16.73 acres and is located at the corner of James Farm Road and Glenway Drive. The property is the site of the proposed James Glen Multi-Family Development. The James Glen Multi-Family Development consists of 11 buildings and 264-units. The parcel being requested for annexation is located outside the primary corporate limits of the City of Statesville but is within the Extra-Territorial Jurisdiction; and is zoned R-5MF CZ (High Density Multi-Family Residential Conditional Zoning) District. The applicant requests voluntary annexation to utilize city water and sewer services.

Mayor Kutteh declared the public hearing open and asked if anyone wished to speak on this matter. Hearing none, he declared the public hearing closed and asked for a motion.

Chris Lemack with Elevation Acquisition & Development Group in Huntersville stated he would answer any questions Council has. There were no questions.

Council member Allison made a motion to approve first reading of AX23-05, seconded by Council member Hudson. The motion carried unanimously.

XII Receive a report on the current state of parking in Downtown Statesville, key issues, and possible solutions. (Marlow-DSDC)

Brittany Marlow reported information regarding the supply, demand, parking survey results, current issues, and potential short-term and long-term solutions for parking issues in Downtown Statesville.

Mayor Kutteh asked how many spaces were occupied out of the available 880 spaces. Marlow replied that 64% was the highest number occupied. She said there is still a lot of parking available at that point, but it is just on the outskirts.

XIII Consider approving a financing proposal for the Municipal Operations Center (Warehouse) and Fire Station 1. (Smith)

Mitch with Davenport Public Finance stated they have been assisting City staff to pursue financing for its two most current construction projects. A Request for Proposals (RFP) for a Direct Banking Loan financing was distributed on March 13, 2023 to over 50 lending institutions to fund the Fire Station 1 and the Municipal Operations Center. The institutions were asked to provide proposals for an Installment Financing to be secured by a Deed of Trust on the projects of up to \$12,000,000 with options for both 15- and 20-year terms. The City received six proposals for the 15-year option and three proposals for the 20-year option. The Truist Bank proposals provided the only interest rates that are held firm for a closing in mid-July, while the rest of the interest rate proposals received are subject to change until late May/early June. Final maturity on the loan would be 6/1/2038 (15-year term) or 6/1/2043 (20-year term). The total financing for the 15-year term is \$13,429,997 and the 20-year term is \$14,553,467. There are positives and negatives for each term. Based on Davenport's review of the proposals, analysis, and discussions with City Staff and Bond Counsel, Davenport recommends that the City move forward with the Truist 10-year par call interest rate option for either the 15-year or 20-year term. The Truist proposal provides the only interest rates that are locked through a potential closing date of mid-July. The 10-year par call prepayment option provides the lowest interest rate with a known prepayment cost and ability to refinance for debt service savings (subject to market rates). May 22nd, 2023, the Municipal Operations Center Project bids are received. At the June 5th meeting, the Council will hold a public hearing to consider adopting Preliminary Findings and Final Resolution establishing the final not to exceed total borrowing amount and other terms or conditions. The application for financing must be submitted by June 6, 2023, to the Local Government Commission.

Mayor Kutteh asked if these are annual payments. Mitch replied they are the total monthly payments, and they are semi-annual payments. Mayor Kutteh asked if there is a monthly payment option because it would make some difference in the amount of interest paid. Mitch replied he could ask for monthly and it would make a small difference, but whether the City does better or not depends on where interest earning rates are at compared to its loan rates.

Council member Jones asked Ron Smith if when he was looking at the overall budget and the general fund balance, capital improvement stuff forecasted out, what gives the city the most flexibility? The 15 year or the 20 year with a 10-year call option? Smith replied that since staff used the 5% planning rate, that gives us... to me these are such favorable comparisons to that. He said his personal preference has been the 15 year because as Mitch said, the difference in that first 10 years, each year is nominal and we are already seeing better than expected returns, through the reappraisal. What I think we are going to see is future growth that surpasses what I think is in the planning model for our next 10 years. Either one of them, in my opinion, we can support and gives us enough flexibility to do it. I would prefer getting it over with early and getting us to that point that after 10 years we have the flexibility to refinance.

Council member S. Johnson asked if this project is going to be done in phases regarding the warehouse. Smith replied that this is the garage. The \$2 million from the fire station and what we hope will be around \$8 million for the garage. The rest of that project will be handled through the Electric Utility Department, so that is going to be together, but the construction costs are split.

S. Johnson asked if the remainder of the project related to the warehouse is going to be funded out of enterprise funds or will we have to borrow more money that will have to be serviced out of the General Fund. Smith replied that it will probably be a mix of funds as we get to them. The next phase of the warehouse or the bigger warehouse project is the actual conversion of the garage to a warehouse. I think that is going to be made up with various funds because everybody uses it. Then we will get into the retrofit, or potential replacement, of the current electric building, which is the most money in the future phases, but this is about 3 years out. This will be partially funded by enterprise funds, if not entirely by enterprise funds and will depend on what staff are going to be in the building.

Mayor Kutteh asked if it was considered to take some component for the General Fund, because it seems as if we are going to have another significant cost of issuance that could have been consumed in large part in this one if we had done 15 instead of 12 now for example. Mitch replied that the current project for what we are calling the warehouse is Phase One. It is a combination of General Fund and Electric Fund. The \$10 million for this phase is just the General Fund. Then I believe they're scheduled up to maybe five total phases, and there could be in the capital planning model we've looked at, there's additional borrowings for the General Fund in future years for those future phases. The reason why we can't necessarily get ahead of that and borrow for more of those phases right now is because we must get approval from the Local Government Commission for all our debt financing. The reason why we cannot necessarily get ahead of that and borrow for more of those phases right now is because we must get approval from the local government commission for all our debt financing. One of the findings they must make is that a borrowing is adequate, but not excessive and to make that finding, they look to

see what the project bids are. Do we have a fixed firm cost for the project? Phase One is the only phase right now that we have a Fixed Cost for, of the General Fund components, so that would preclude us from borrowing for these future projects.

Smith said it would be all but impossible to get to that point, because if you remember how we are doing the warehouse project, we are starting with this, and then we must shift to build out the entire project, so it is probably a six or eight or longer year total build out on that campus.

Mayor Kutteh asked what is in the budget for cost of issuance and is that generally a percentage of the issuance? Because if not, then we are paying more in the lender's counsel fees. I don't know if you pay them that much more for 15 million than you do for 10 million. Mitch replied that they are generally mostly fixed costs related to the financing, so whether that fee is a lender's counsel fee, that is Truist's counsel fee I do not see that vary much with the size of the loan. It tends to be fixed. The other costs of issuance are all generally fixed within a range. Title insurance components and when we must get title insurance or things related to real estate can vary based upon the low amount loan amount.

Mayor Kutteh stated that it looks to him as if our cost of issuance is going to be excessive over time by doing a phase. If we're going to spend 175,000 the next time when we borrow two or three or five and another 170,000, then suddenly, 4.04 is not as generous as it sounds. Mitch pointed out there is also the possibility of combining with other projects as Council does other projects in the General Fund. What Council would normally do is try to time them like it did with the fire station and the warehouse so they can be done at the same time to minimize the total amounts.

Mayor Kutteh said he likes the deal, the 15-year option. He likes the fact that the 4.04 is not much more than their MWC number, so that's pretty good. He just does not like the fact that a year from now, or two years from now, or whenever we get around to it, but he does not like paying a big number for the same kind of service.

Council member S. Johnson said he does not like being told that Council must do this by Friday, May 5th or the City cannot be guaranteed this rate or these terms. Why was this not presented two weeks ago? The other thing is, if this is going to be paid all out of the operational budget, then why are we not paying at least some of it out of that cash reserve so that we can reduce the budgetary impact in subsequent years like I've been arguing, but every time I bring that up, we need to think more strategically in terms of the context of the budget, but it seems like now we're on the verge of borrowing \$12 million with no discussion at all about the context of the budget. If it needs to work one way, it needs to work both ways. If we did pay some of that money down here and you were on the 20-year, if you paid half of it down, we could save \$300,000 a year and that gives us more latitude to do some other things. When we finally get the numbers on the revaluation, I think we're looking at about 6.1 million in new money. I'll go down my list of budget items again. A million for the police that we have already committed to, and I'm not willing to back out of that, I think that was absolutely necessary. We have \$300,000 for the pay study. If Ron goes through, and I'm not going to throw the percentage out because I do not want to box him, the pay raise, which is surely needed because our folks have been taking it on the chin the last couple years like the rest of us, and believe me, in my small business getting help is a competitive market right now. You have to pay them a pretty good rate or you're not going to get good help. So that was \$1.8 million.

Then we're going to eliminate the solid waste fee, and if we do this, we're down to a little bit about \$2 million. And for heaven's sake, we're hitting the folks with a 31% tax increase. We hadn't even spoken of any potential tax relief on that. So that brings me down to what's the expected increase in sales tax revenues in terms of real dollars. Do we know that yet?

Ron Smith replied that he did not remember the exact number, but staff is assuming it will be relatively flat this year, but again, this year has been a growth year as they have been for the last three or four.

Mayor Kutteh added, that even under this 15-year scenario, we're going to need \$3.5 million to pay it off at the end of 10-years. One option then will be to go to the fund balance and just say, we don't need to finance it further, we have gotten our benefit from the financing part of this, if we're still in good shape, we would have that. That is what I see of some of the flexibility of that cash reserve or General Fund balance.

Council member S. Johnson said one last consideration he had was that the manager put 1.4 in, and my interpretation of that is operational capital needs, but at 6% inflation, if it holds up, and it looks like it sure is not transitory. Folks, the price, everything doubles about every eight years. That 1.4 in four or five years is not going to be enough money. You are going to have to have some latitude in this budget to add to that or you are going to begin to fall behind again on operational capital needs.

Council member S. Johnson asked what the drop-dead deadline is with the LGC. Mitch replied that they are going to the LGC July 11th meeting, and our application will be due to them on June 6th, and there is a preliminary letter that must be sent by May 26th.

Ron Smith stated that the quick turnaround is because Truist is the only one that has given us a true rate that has not got some level of risk associated with it, because we have a closing that is in July, so that is really what is driving that deadline, they are only willing to hold it for so long.

Mitch stated that Truist's original proposal was not held firm until after this Council meeting. Staff went back to them and asked them to give us another proposal that would be held firm until after this meeting. They originally were going to do tomorrow, and we were able to push it out to Friday.

Mayor Kutteh stated that he does not know if this plays into it at all, but he would guess that Council would have normally received the budget message and the budget at this meeting, so some of these questions about how the budget looks would have been known contemporaneously with this information, because I think all of us are not nervous about the budget, but interested in what has been proposed for salaries and capital needs and how does that work in, and what other revenue sources have you found. I guess we are relying on the City Manager saying that what he knows as City Manager about the budget is consistent with what has been proposed here, and that he has incorporated the first year's payment into the budget and can present Council a budget that balances with that.

Ron Smith replied that is correct. He has looked at the future projects and in the Capital Improvement Plan there is a Fire Station 5, a Police Department expansion, all the future phases of this project, and others. He said these are the ones just off the top of my head that he knows the prices are not going down and all the flexibility that we have by shifting that \$10 million or so over from Fund Balance to float these projects over time, we need

that flexibility. There are going to be opportunities, I think, to buy down like with the Fire Station, probably to buy down on the Fire Station 5, on the PD and do that type of thing. He said he has been cautious because he sees all these projects and there is momentum behind the projects, because Council has said you want to do these things over the next five years and staff is trying to figure out a way to make sure we can make those happen. This is a good budget year, but it is at least partway due to the very good reappraisal that we have seen.

Mayor Kutteh stated that now would be a good time to see if we can get a motion from the Council and then if we get a motion and a second, we can continue our discussion further and come to some conclusion about that.

Council member Jones made a motion to accept the 15-year term with a 10-year Par Call, seconded by Council member Foster.

Council member Allison stated that say, Council is in a delicate situation right now and to have all these banks and only one decided to work with us, and we need them, they don't need us. There are going to be what ifs, we can deal with the what ifs, but if we lose this opportunity now, we are going backwards, and we do not have time to go backwards. The economy is pretty good right now, so we need to move on to what is good right now and move it forward.

Council member S. Johnson said he understands these things, but what he is trying to move forward with is a discussion about why there is a rush to borrow the entire amount that is being paid for out of the General Fund. The City should shift as much as it can to the enterprise funds, and if we do use some of that fund balance to pay it down, then we can start building that money for the next project that is going to come out of the General Fund.

Council member Jones stated that if we lock in at this rate now, most likely the rates are going to rise as well as the cost. It will give us the flexibility to use our cash to pay for those projects. To Council member Lawton's point, as long as we are staying within our fund balance guidelines of somewhere between 25 and 30%, we should be good. Council member Foster agreed.

Mayor Kutteh called for a vote on the motion. The vote on the motion was as follows:

Ayes: Jones, Foster, Allison, Lawton, Hudson

Nays: S. Johnson, J. Johnson

Motion Carried: 5-2 (Wasson Absent)

Council member S. Johnson stated that he supports the project, he just thinks there is a better way to finance it. Mayor Kutteh said he believes that all of Council agrees with Council member S. Johnson that the enterprise funds bear their fair share of the project. Mitch said that part of this first phase is being born by the Electric Fund. He would like for Council and staff to look more carefully at the electric and other enterprise funds that may be able to participate in the rest of the warehouse complex project.

XIV City Manager's Report

Ron Smith apologized that Council did not receive the budget tonight, but Council will receive it at the May 15th meeting.

On June 20th, there is going to be a Housing Symposium that the Statesville Housing Authority has initiated with Central Regional Council and the City as co-sponsors. We are going to work with them to talk about the state of housing similar to what Matthew had talked about a month and a half or so ago, but on a larger scale, interactive. The entire Council is invited. He will get more information out on that a little bit closer to the date.

Saturday, May 6th from 10:00 a.m. to 12:00 p.m. there is going to be a cleanup of the Free Nancy Branch at Mac Anderson Park, so in the same vein as the community cleanups Adopt a Street, they are going to do a project out at Mac Anderson Park.

XV Advisory Boards Meeting Minutes

02/15/2023 Technical Review Committee Meeting Minutes

03/01/2023 Technical Review Committee Meeting Minutes

03/15/2023 Technical Review Committee Meeting Minutes

03/28/2023 Planning Board Meeting Minutes

04/05/2023 Historic Preservation Commission Meeting Minutes

04/13/2023 Downtown Design Review Committee Meeting Minutes

XVI Other Business - None

XVII Closed Session - None

Council member J. Johnson made a motion to adjourn, seconded by Council member Allison. The motion carried unanimously.

Constantine H. Kutteh, Mayor

Brenda Fugett, City Clerk