

**AGENDA  
SPECIAL MEETING  
CITY COUNCIL, CITY OF ASHEBORO  
THURSDAY, FEBRUARY 20, 2014, 5:30 PM**

1. Call to order.
2. Consent agenda:
  - (a) Approval of the minutes of the City Council's previous special meeting on January 30, 2014.
  - (b) Acknowledgment of the receipt from the Asheboro ABC Board of the minutes of the local board's meeting on January 6, 2014.
  - (c) Approval of a resolution authorizing the execution, consistent with an existing financing arrangement, of a subordination agreement in favor of the North Carolina Housing Finance Agency in connection with Sunset Place, LLC.
3. Proposed capital improvement plan for departments that are funded out of the city's General Fund.
4. Adjournment.

**NOTICE OF A SPECIAL MEETING OF THE  
ASHEBORO CITY COUNCIL**

**Thursday, January 30, 2014**

**5:30 p.m.**

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Notice of a special meeting of the Asheboro City Council is hereby given. This meeting will be held on Thursday, the 30<sup>th</sup> day of January, 2014, at 5:30 p.m. in the Asheboro City Hall Council Chamber, 146 North Church Street, Asheboro, North Carolina 27203.

This special meeting has been called for the purpose of enabling the governing board to discuss and act, if such action is deem advisable by the City Council, on analysis and planning for the long-term development, maintenance, and operation of the city's water and sewer infrastructure. Specific topics to be considered as part of this analysis and planning for the water and sewer utility are as follows:

1. The potential impact of water and sewer utility decisions on economic development initiatives will be discussed. Ms. Bonnie Renfro, President of the Randolph County Economic Development Corporation, will contribute comments and insights to this specific discussion.
2. The water and sewer utility rate study recently prepared by Cavanaugh & Associates, P.A. will be presented and discussed.
3. A review of water and sewer utility capital needs identified by Water Resources Director Michael Rhoney, P.E. will be discussed.

This notice is issued on the 24<sup>th</sup> day of January, 2014, in accordance with the laws and ordinances of the State of North Carolina and the City of Asheboro.

/s/ David H. Smith  
David H. Smith, Mayor  
City of Asheboro, North Carolina

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**SPEICAL MEETING  
ASHEBORO CITY COUNCIL  
CITY COUNCIL CHAMBER, MUNICIPAL BUILDING  
THURSDAY, JANUARY 30, 2014  
5:30 p.m.**

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This being the time and place for a special meeting of the Asheboro City Council, a meeting was held with the following elected officials and staff members present:

- David H. Smith ) – Mayor Presiding
- Talmadge S. Baker )
- Clark R. Bell )
- Edward J. Burks )
- Linda H. Carter ) – Council Members Present
- Michael W. Hunter )
- Walker B. Moffitt )
- Charles A. Swiers )

- John N. Ogburn, III, City Manager
- Holly H. Doerr, CMC, NCCMC, City Clerk/Paralegal
- Leigh Anna Johnson, Public Information Officer
- Michael L. Leonard, P.E., City Engineer
- Trevor L. Nuttall, Community Development Director
- Deborah P. Reaves, Finance Director
- Michael D. Rhoney, Water Resources Director
- Jeffrey C. Sugg, City Attorney

**1. Call to order.**

A quorum thus being present, Mayor Smith called the meeting to order for the transaction of business, and business was transacted as follows.

**2. Impact of water and sewer utility decisions on economic development initiatives.**

City Engineer Michael Leonard utilized a visual presentation to facilitate a discussion regarding the impact of water and sewer utility decisions on economic development initiatives. During his presentation, Mr. Leonard highlighted and discussed the following potential economic development projects as previously introduced during the Council's regular January 9, 2014 meeting.

a.) Pineview Street Industrial Area:

- Goodyear site
- Opportunity to open access to the undeveloped property north of the former Goodyear facility
- Opportunity to improve traffic flow and safety by extension of Commerce Place to Pineview
- Infrastructure in place – water, sewer, power, gas, highway access
- Protects largest industrial park in Asheboro and Randolph County
- Potential to work with client or developer
- Profile
  - -160.4 acres of land
  - -1,900,000 square feet in buildings
  - -6 parcels
- Potential project cost (under the scenario used in the visual presentation to facilitate discussion): \$380,224.28

b.) New Century Industrial Park

- Veteran's Loop site
- Opportunity to improve access to small industrial tracts and PEMMCO
- Opportunity to improve traffic flow and safety by reducing traffic on McDowell Road
- Infrastructure in place – water, sewer, power, gas, and highway access
- Potential to work with client or developer
- Profile
  - 60 acres of land
  - 3-4 parcels
- Potential project cost (under the scenario used in the visual presentation to facilitate discussion): \$531,018.50

c.) Heath Dairy Road

- Heath Road site
- Opportunity to establish new growth corridor at strategic location
- Infrastructure must be extended and improved, both public and private
- Takes advantage of new I-73/74 access north of site
- Potential to work with client or developer
- Duke Energy matching grant available for due diligence
- Profile
  - 174.46 acres of land
    - 1,019,000 square feet in buildings
    - 6 parcels
- Potential project cost (under the scenario used in the visual presentation to facilitate discussion): \$2,726,958.30

Throughout discussion, Council Members offered positive comments in regards to these potential projects. Additionally, Ms. Bonnie Renfro, President of the Randolph County Economic Development Corporation (RCEDC), and Mr. Rick Powell, who is a member of the Board of Directors of RCEDC and President of PEMMCO, were in attendance and offered comments in support of further exploration of these economic development activities. Mr. Powell, also offered specific comments in support of the New Century Industrial Park proposal and the positive impact it could have in connection with PEMMCO.

In summary, Mr. Ogburn emphasized to the Council that these were only potential projects, but recommended that city staff should begin reviewing plans for the extension of New Century Drive. Once plans are available, city staff will forward said plans to Council for review and approval.

A copy of the visual presentation utilized by Mr. Leonard is on file in the City Clerk's office.

**3. Water and sewer utility capital needs. [Agenda Item Number 4]**

Mr. Rhoney utilized a visual presentation and highlighted the following projects that are currently part of the city's water and sewer utilities capital improvements program:

- Wastewater Treatment Plant Primary Digester Cover Replacement Project. Estimated cost is \$1,000,000.00
- Water Treatment Plant's South Plant Filter Replacement and Upgrade Project. Estimated cost is \$757,000.00
- Giles Chapel Road Water Line Replacement Project including the replacement of approximately 4,200 LF of dilapidated 2 inch galvanized water line with 8 inch ductile iron. This project is anticipated to be completed by June 2014.
- Radio Read Water Meter Program involving the installation of radio read meters. The anticipated completion date is April 2014, and, when completed, approximately 4,000 of 13,000 meters will be radio read meters.
- Lift Station #18 survey and plat for property acquisition and driveway construction. Driveway construction is needed for maintenance access and to bring to city standards. Estimated cost for project is approximately \$25,000.00
- Lift Station #21 Fence Enclosure at Tot Hill Farm – Construction of a fence enclosure is needed for compliance with state regulations.
- Lift Station #22 Driveway Construction and Fence Enclosure at Tot Hill Farm – Construction of a fence enclosure is needed for compliance with state regulations along with driveway construction for compliance with city standards.
- Cedar Road Water Line Replacement - Replacement of approximately 850 LF of dilapidated 2 inch galvanized water line with 6 inch ductile iron.
- Water Treatment Plant Electrical Panel Replacement – Replacement of inadequate/obsolete 1200 Amp Electrical Panel – estimated cost is \$65,000.00.

Additionally, with the list of current projects, Mr. Rhoney noted new projects to be added to the city's water and sewer utilities capital improvements program. These projects include the following:

**Water Capital Outlay Highlights (annual expense over \$150,000)**

- Replace all galvanized water lines
- Water tank maintenance contracts
- Rebuild remaining water filters
- Replace North Plant Electrical Panel
- Replace North Plant filter valves
- Replace high service pump
- Replace two (2) variable speed Raw Booster Pumps at Lake Lucas and Lake Reese
- New Century Drive – Phase 1A

**Sewer Capital Outlay Highlights (annual expense over \$150,000)**

- Replace Nitrification Control System
- Rehab/replace 36 inch sewer line
- Rehab/replace 24 inch sewer line
- Chemical Feed building
- Press Building Lime Feed System
- Upgrade Lift Station #3
- Upgrade Lift Station #3 Force Main
- Centralized Lab
- Remaining digester cover

A copy of the visual presentation utilized by Mr. Rhoney is on file in the City Clerk's office.

**4. Water and sewer utility rate study prepared by Cavanaugh & Associates. [Agenda Item Number 3]**

Ms. Reaves reviewed the current fiscal year 2013-2014 water and sewer fund rate structure along with budget revenues and expenses in order to give the Council Members an overview of how the city must plan for the capital needs that were previously noted. As part of the on-going planning process, Ms. Reaves introduced representatives from Cavanaugh and Associates, an engineering firm.

The city contracted Cavanaugh and Associates in October 2013 to analyze the city's operation and prepare a 10 year water and sewer rate model. Mr. Will Jernigan, P.E. and Mr. Tory Wagoner, P.E. were in attendance and presented the firm's recommendations. The presentation can be summarized as follows.

**Key Objectives:**

- Provide cost coverage for operations and capital outlay for a 10 year horizon
- Improve revenue stability to the maximum extent practical
- Minimize rate increases to the base rate to the extent practical to minimize impact to low volume users
- Close the gap on subsidizing sewer

**Strategy for achieving Key Objectives**

- Leverage rate increases, new debt service and reserve fund balance – all 3 – in a balanced approach
- Leverage the City's fund balance to avoid massive reserve balance of approximately \$3 million, or approximately 25% of operating budget (3 months cash on hand)
- Weigh the rate increases more to the volume charge vs. the base charge, reducing the impact on "minimum users"

**Annual vs. Staggered rate models**

- Annual Rate modification recommended over staggered:
  - They provide the smallest incremental changes
  - Which minimizes customer rate shock and backlash
  - And minimizes the elasticity effects – i.e. rate increase causing change in customer behavior to reduce their water use

**Decreasing the Sewer subsidy**

- Manifests itself in the model 2 ways
  - Larger increases to sewer rates in relation to water rates
  - Use of cash vs. debt
    - Cash – sewer costs
    - Debt – water costs
    - Goal: Keep sewer costs of operation down

A copy of the visual presentation utilized by Ms. Reaves and Mr. Jernigan is on file in the City Clerk's office.

No formal action was taken by the Council during this meeting.

There being no further business, the meeting was adjourned at 7:48 p.m.

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Holly H. Doerr, CMC, NCCMC, City Clerk

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David H. Smith, Mayor

## **Minutes of the meeting of the Asheboro Alcoholic Beverage Control Board held on January 6, 2014**

The Asheboro ABC Board met on January 6, 2014, at 5:30 PM, in the Board office, 700 South Fayetteville Street, Asheboro, NC.

Present were Chair Brooke Schmidly, Board Member Steve Knight, Board Member Bob Morrison and General Manager Rodney Johnson (GM). A quorum being present, the Chair called the meeting to order for the transaction of business and business transacted as follows:

The Chair inquired as to any known conflict of interest, appearance of a conflict of interest, or objections concerning agenda items before the Board; after the Chair and both Board members voiced having no conflict, and there being no objection, the agenda was adopted.

The Board reviewed and there being no objection, approved and signed the Minutes from the December 2, 2013, regular meeting.

Steve Knight and the GM reviewed Board finances and reported all finances remain consistent.

Applications for 1st and 2<sup>nd</sup> Quarter 2014 grant funds for the treatment of alcoholism or substance abuse or for research or education on alcohol or substance abuse will be due by January 31, 2014. Based upon past revenues, estimated available funds will total \$4,400 for the 1st quarter and \$3,400 for the 2nd quarter. A public notice will be provided to the Courier Tribune on or before January 7, 2014.

The Board heard reports from the General Manager concerning the following issues:

1. Copies of the NC ABC Commission's 2013 Annual Report were provided to the Board and discussed.
2. The 4<sup>th</sup> Quarter 2013 Violation Tracking Log was reviewed with the Board.
3. The Change-Fund Report ending December 31, 2013, was reviewed with nothing remarkable noted.
4. Asheboro ABC sales statistics comparing:
  - December 2013 sales with the previous month indicate:
    - An overall +32.8% change (all sales and tax collections)
  - December 2013 sales with sales from the same month last year indicate:
    - Retail Sales -0.6%
    - Mixed Beverage Sales: +7.2%
    - Sales Tax Collections: -0.5%
    - Overall Collections: 0.00% (equal)

- December 2013 bottle sales with bottle sales from the same month last year indicate:
  - Retail Bottle Sales: +2.8%
  - Mixed Beverage Bottle Sales: +3.9%
  - Overall Bottle Sales: +2.9%

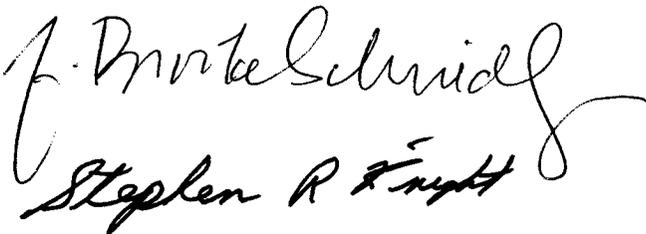
Charts reflecting sales histories were handed out to Board members for review and discussion.

The next regular Asheboro ABC Board meeting will be held Monday, February 3, 2014.

There being no further business, the meeting was adjourned.

Prepared by Rodney Johnson, GM, and Approved by the Board 2-3-14

  
GM

  
Stephen R. Knight

**ASHEBORO CITY COUNCIL RESOLUTION NO.**

**A Resolution Authorizing the Execution and Delivery of a Subordination Agreement**

**WHEREAS**, by means of a letter of intent directed to the attention of the low income housing tax credit program, the City of Asheboro previously expressed its intent to provide permanent financing, which would be secured with a security interest in real property that would be in second position to the security interest held by the North Carolina Housing Finance Agency (“NCHFA”), in order to induce the NCHFA to reserve to Sunset Place, LLC low income housing tax credits for a low income apartments development to be known as Sunset Place Apartments and to be located on the block formed by Sunset Avenue, North Cherry Street, Hoover Street, and Memorial Street; and

**WHEREAS**, the proposal to develop apartments to meet the need for low income housing did move forward and, consistent with the above-referenced letter of intent, the city entered into a financing arrangement under which Sunset Place, LLC (the “Borrower”) executed a deed of trust (the “City Deed of Trust”), which was recorded on April 16, 2012, in Book 2281, Page 66, Randolph County Public Registry, conveying a deed of trust lien and security interest in the land utilized for the development project; and

**WHEREAS**, the Sunset Place Apartments have been constructed; and

**WHEREAS**, with the completion of the construction phase of the project, the construction loan is to be paid off, and a permanent loan is to be closed by the Borrower with NCHFA; and

**WHEREAS**, in order to close the permanent loan, a subordination agreement must be executed in order to maintain the agreed upon second position of the City Deed of Trust behind the financing and deed restriction instruments to be executed and recorded for the benefit of NCHFA; and

**WHEREAS**, the subordination agreement for which execution and delivery by the city has been requested (the “Agreement”) is attached to this Resolution as EXHIBIT 1 and is hereby incorporated into this Resolution by reference as if copied fully herein; and

**WHEREAS**, city staff members have reviewed the Agreement and found the instrument to be consistent with the city’s financial management practices and consistent with the public purpose for which the Sunset Place Apartments project was originally undertaken; and

**WHEREAS**, the Asheboro City Council concurs with the analysis of the Agreement performed by city staff members;

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Asheboro as follows:

**Section 1.** It is hereby found and determined that the Agreement is consistent with the city's financial management practices and consistent with the public purpose for which the Sunset Place Apartments project was originally undertaken.

**Section 2.** The Agreement is hereby approved. The Mayor is hereby authorized to execute, acknowledge, and deliver the Agreement to the law firm responsible for the drafting of the instrument for eventual recordation in the Randolph County Public Registry. Furthermore, the City Clerk is hereby authorized to affix the city seal to the Agreement and to attest the same.

**Section 3.** The proper officers of the city, specifically including without limitation the Mayor, City Manager, Finance Director, and City Clerk, are hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits, and other documents and to do or cause to be done any and all other acts and things necessary or proper for carrying out the low income apartment project described within this Resolution.

**Section 4.** This Resolution shall take effect immediately upon adoption.

This Resolution was adopted by the Asheboro City Council in open session during a special meeting of the governing board that was held on the 20<sup>th</sup> day of February, 2014.

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David H. Smith, Mayor

ATTEST:

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Holly H. Doerr, CMC, NCCMC, City Clerk



NCHFAs and the NCHFA Trustee and their successors and assigns in and to the NCHFA Loan Documents, and City has agreed to do so on the terms and conditions hereof.

NOW, THEREFORE, in consideration of the premises and the sum of ONE DOLLAR (\$1.00), in hand paid, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City does hereby consent to the NCHFA Loan Documents as a lien against the property described therein and further do hereby subordinate the lien of the City Deed of Trust to the right, title and interest of NCHFA and the NCHFA Trustee and their successors and assigns in and to all rights set forth in the NCHFA Loan Documents to the same extent as if the NCHFA Loan Documents were recorded prior to the City Deed of Trust; provided, however, that it is expressly understood and agreed that, except for this Subordination, the City Deed of Trust and all and singular of the terms and conditions thereof, shall be and remain in full force and effect and unmodified hereby; and it is further understood and agreed that this Subordination shall apply only to the NCHFA Loan Documents as expressly provided herein and that this Subordination shall not affect the priority of the City Deed of Trust with respect to any other document or interest.

**[SEPARATE SIGNATURE PAGE FOLLOWS]**

