

MINUTES

Regular Meeting: Workshop Session
George W. Clay, Jr. Utility Operations Center

February 4, 2008
Monday, 6:00 p.m.

Present: Mayor W. Ted Alexander, presiding; Council Members Christopher H. (Chris) Mabry, Jeanette D. Patterson, Michael R. (Mike) Royster, Joel R. Shores, Jr., Andrew L. Hopper, Sr.; City Manager Rick Howell, City Attorney Sam B. Craig, City Clerk Bernadette A. Parduski, CMC, Director of Finance Theodore B. (Ted) Phillips, CPA, Assistant Director of Utilities Julie R. McMurry, Fire Chief William P. Hunt, Director of Public Works Daniel C. (Danny) Darst, Director of Parks and Recreation Charlie Holtzclaw; and media representatives

Absent: Council Member Larry G. Ware

Mayor Alexander called the meeting to order at 6:00 p.m. and welcomed all who were in attendance. Mr. Hopper gave the invocation and Mrs. Parduski led the *Pledge of Allegiance*.

A. Approval of Agenda:

ACTION TAKEN: Upon a motion by Mr. Royster, second by Mr. Hopper, City Council voted unanimously to approve the agenda as presented.

B. Public Hearings: None

C. Public Comment: None

D. Consent Agenda:

ACTION TAKEN: Mayor Alexander presented the consent agenda. Mrs. Patterson made a motion to approve the consent agenda and each item as presented. After a second by Mr. Shores, the consent agenda and following items were unanimously approved:

- 1) Approval of the Minutes of the Regular Meeting of January 22, 2008
- 2) Approval of a resolution honoring Jerry Thomas Snyder on the occasion of his retirement from employment: Resolution No. 5-2008

- 3) Approval of a resolution honoring Bill Monroe Camp on the occasion of his retirement from employment: Resolution No. 6-2008
- 4) Approval of a resolution honoring Michael Hugh Howington on the occasion of his retirement from employment: Resolution No. 7-2008
- 5) Approval of the cancellation of the regularly scheduled City Council meeting of March 3, 2008

END CONSENT AGENDA

E. Special Presentation:

- 1) Cleveland 20/20 Economic Development Partnership Quarterly Update – Stuart C. Gilbert, President, Cleveland County Chamber

Mr. Howell reminded Council that the Chamber's presentation is regularly scheduled at workshop sessions as part of the reporting series they requested in 2007.

By way of introduction, Mr. Gilbert recognized Steve Padgett as the Cleveland County Chamber 2008 Board of Directors Chair. Mr. Gilbert stated that the Chamber's presentation focus would be on the economic development prospects and projects existing within the City. Mr. Gilbert acknowledged the new leadership seated on the Cleveland 20/20 Executive Committee which included private sector members: Chair John Young, Lloyd Williams, and Scoot Dixon. Mr. Gilbert mentioned the recent opening of the new Visitor Information Center at Cleveland Mall and expressed appreciation to Council for their support of the Cliffside Steam Station construction project. Mr. Gilbert invited Council to attend the annual Cleveland 20/20 Executive Committee meeting on February 27, 2008.

Dave Hart, the Chamber's Vice President of Economic Development, updated Council on ten potential projects covering the last three months. These ten prospects, nine of which remain active, resulted in seven visits. Mr. Hart referred to the Copeland building as the best building (product) in the County to show to prospects, which he anticipated will become available sometime between March and June 2008. Mr. Hart also stated that he is following up on additional acreage for industrial properties. Mr. Hart mentioned the positive impact the sewer extension projects and the Cliffside Steam Station will have on economic development for the City. Mr. Hart concluded his portion of the presentation by stating that Cleveland County retained its Tier 1 designation for 2008. (*Clerk's note: The North Carolina Department of Commerce annually ranks the State's 100 counties based on economic well-being and assigns each a tier designation. The 41 most distressed counties are*

designated as Tier 1, the next 39 as Tier 2, and the 20 least distressed as Tier 3. This tier system is incorporated into various State programs to encourage economic activity in less prosperous areas of the State.)

Kristin Fletcher, the Chamber's Assistant Vice President of Economic Development, centered her comments on existing industry. Ms. Fletcher continues the countywide existing industry retention and expansion program with a proactive approach by consistently visiting companies and assisting them with workforce issues, expansion plans, analyzing needs, discussing qualifications, and clarifying the Tier 1 incentives involving Article 3J tax credits. Ms. Fletcher mentioned two current expansion projects, both manufacturers, for a combined increase of approximately 60 jobs and a \$1.5 million investment. Ms. Fletcher is in the process of scheduling a meeting and tour of Ultra Machine and encouraged Council to attend and observe the facility's growth firsthand.

F. Unfinished Business: None

G. New Business:

- 1) Consideration of a resolution making certain findings and determinations, authorizing the filing of an application with the Local Government Commission, requesting the Local Government Commission to sell bonds at private sale and approving the successful bidder and the financing team in connection with the issuance of revenue bonds of the City: Resolution No. 8-2008

Mr. Howell introduced Resolution No. 8-2008 for Council's consideration. Mr. Howell said that if approved, this resolution would acknowledge that the projects, the Lattimore Natural Gas Replacement Line, Phase I of the Eastside Sewer, and the Influent Pump Station Project at the Wastewater Treatment Plant, are necessary and authorize management to submit an application to the Local Government Commission (LGC) that would allow the sale of revenue bonds through a private placement with the successful bidder. Mr. Howell further stated that these borrowed funds would reimburse the City for funds already expended for the construction of these projects.

Mr. Phillips referred to the resolution of findings and determinations, prepared by the City's bond council, Paul Billow of Womble, Carlyle, Sandridge & Rice, as a requirement of the LGC for the City to finance the aforementioned projects previously approved by Council. Mr. Phillips reminded Council that each of these projects have their own capital budgets that call for their revenues to come from some type of financing.

After working with Mr. Billow and the LGC, it was determined that the best way to finance these projects is with a private placement revenue bond. Mr. Phillips explained that a private placement revenue bond is like any other revenue bond in that it pledges the revenues of the City’s combined utility system to pay the required debt service and the rates will be set at a level where the City can make these required payments. Mr. Phillips said this pledge is part of the trust agreement which is mentioned in the resolution and because the City already has this trust agreement in place, the use of a private placement revenue bond is the most efficient way to finance these projects. The private placement refers to the fact that rather than selling these bonds to the “market”, banks will bid on them and the City will sell to the bank that bids the lowest interest rate. Due to the fact that this revenue bond is less than \$10 million, the interest the bank earns will be tax exempt which allows for a lower interest rate for the City.

Mr. Phillips presented the bank bids which were received and tabulated on February 1, 2008 and reviewed the four proposals. Mr. Phillips recommended that Council accept the proposal of Branch Banking and Trust Company (BB & T) to finance the City of Shelby’s fiscal year 2008 revenue bond as follows:

BB & T Proposal	
Term	20 years
Interest rate	3.69 percent
Amount to be financed	\$3,835,500.00
Total interest paid	\$1,646,722.00
Total cash outlay (principal and interest)	\$5,482,222.00

ACTION TAKEN: Upon a motion by Mr. Shores, second by Mr. Hopper, City Council voted unanimously to approve and adopt Resolution No. 8-2008 entitled, “A RESOLUTION MAKING CERTAIN FINDINGS AND DETERMINATIONS, AUTHORIZING THE FILING OF AN APPLICATION WITH THE LOCAL GOVERNMENT COMMISSION, REQUESTING THE LOCAL GOVERNMENT COMMISSION TO SELL BONDS AT PRIVATE SALE AND APPROVING THE SUCCESSFUL BIDDER, BRANCH BANKING AND TRUST COMPANY (BB & T), AND THE FINANCING TEAM IN CONNECTION WITH THE ISSUANCE OF REVENUE BONDS OF THE CITY”.

H. City Manager’s Report:

Mr. Howell informed Council that the 2008 Session of the North Carolina General Assembly will convene on May 13, 2008. With regard to the

upcoming session and pending legislative action, he continues to monitor municipal issues, needs, authority, and revenues. The following matters were brought to Council's attention and briefly discussed:

- Infrastructure funding
- Property tax relief and exemptions
- Collective bargaining
- Drought issues

Mr. Howell recognized the North Carolina League of Municipalities and the National League of Cities for their advocacy programs representing the municipal viewpoint at the state and federal levels. He will continue to keep Council informed with periodic legislative updates as necessary.

Mr. Howell recently attended a North Carolina Department of Transportation meeting and mentioned that there is yet another delay in the US 74 Bypass Project regarding right-of-way acquisitions to fiscal year 2009.

In response to the collective bargaining issue, Mr. Hopper encouraged Council and City staff to have an open dialogue at the upcoming retreat and budget sessions concerning the City's competitiveness in the area of human resources, particularly with regard to public safety employees.

Mayor Alexander mentioned that he recently attended a City of Shelby Parks and Recreation Youth Council meeting and was impressed by their leadership and projects.

The Mayor reminded Council that Destination Cleveland County was holding a planning session meeting at 7:00 p.m. (tonight) hosted by the Episcopal Church of the Redeemer regarding design plans for the Earl Scruggs Center.

Mayor Alexander recently spoke to Tim Mathis, Manager of the PPG Plant, who recently attended an energy conference and shared his information about the creative problem solving developed between the City of Shelby and PPG which resulted in a utilities/annexation agreement.

Mayor Alexander, Mr. Hopper, and Mr. Howell toured the Greenwood, South Carolina airport terminal building on January 24, 2008.

The Mayor requested that all present keep Council Member Larry Ware in their thoughts and prayers.

I. Adjournment:

- 1) Motion to adjourn

ACTION TAKEN: Upon a motion by Mr. Mabry, second by Mr. Shores, City Council voted unanimously to adjourn the meeting at 6:49 p.m.

Respectfully submitted,

Bernadette A. Parduski, CMC
City Clerk

W. Ted Alexander
Mayor

Minutes of February 4, A. D. 2008