

Town of Spring Lake
Board of Aldermen Special Meeting
Municipal Building
300 Ruth Street
Spring Lake, NC 28390

January 26, 2014

MINUTES

6 p.m.

The Spring Lake Board of Aldermen held a special meeting in the Grady Howard Conference Room of the Municipal Complex with Mayor Chris V. Rey presiding.

Board Members Present: Mayor Pro Tem James O'Garra
Alderman James Christian
Alderman Richard Higgins
Alderwoman Densie Lucas
Alderwoman Fredricka Sutherland

Others Present:

Ken Metcalf, Town Manager	Tony Buzzard, Town Attorney
Byron Blumenfeld, Water Resource Manager	Rosa Henegan, Human Resource Officer
Paul Hoover, Public Works Director	John Kleinert, Maintenance Director
Troy McDuffie, Police Chief	Tina West, Interim Finance Director
Gail Elder White, Recreation Director	Rhonda Webb, Town Clerk

1. Call Meeting to Order

Mayor Rey called the meeting to order.

2. Approval of Agenda

The Board approved the agenda.

Action: The Board approved a motion to approve the agenda.

Motion by: Alderman Higgins

Second by: Alderwoman Lucas

Vote: Unanimous

(A copy of the agenda is hereby incorporated by reference and made a part of these minutes – see attachment one.)

3. EDC Agreement Clarification

Mr. Hunt provided the Board with an overview of the Economic Development Committee agreement and the purpose for the existence of the Economic Development Committee. Their purpose is to increase the tax base, create jobs and economic growth, provide counsel and advice, attract new businesses, serve as the point of contact for interested developers and businesses and assist existing businesses in expansion. He did mention that the main way the Town grows is the expansion of existing businesses.

His presentation included all functions he performs for the Town. They include: performing as the economic developer since the Town does not have one on staff; coordinate all economic development projects; coordinate economic assistance including incentive packages;

coordinating site selection and serving as a liaison between the Town and private sector on economic development projects and issues; serves as the Town's economic development advocate to the County, State and Federal Government to try to bring additional capital to the Town; fundraising for economic development projects (he did state this is not in his scope of services but he performs this duty); provide advice, policy and counsel to the Town Board, Manager and Senior personnel. Mr. Hunt expounded on some of the fundraising services he has performed to help the Town grow, they included securing grant funding from CDBG to extend a sewer line on Chapel Hill Road so the storage facility would locate to Spring Lake, securing grant funding from Cumberland County to fund the Main Street Master Plan including the Façade Improvement Program and funding to implement the Façade Program, and securing funding from the CDBG to continue the Façade Program.

He also reviewed services he has performed that are not included in the scope of services. They include: negotiation of the sale of land in the Industrial Park, negotiation of the release of our contract with Grant Murray and he negotiated an early payment from RLM on the Industrial Park land sale. He stated he was able to do something that Grant Murray was not able to do which is secure funding for the sale of additional park land. He stated he negotiated an early release from the Grant Murray contract and saved the Town money in doing so. He stated that he negotiated the sale of the last tract of land that was sold to RLM for \$150,000 in year one and \$150,000 in year three. He was then able to negotiate with RLM to pay year three's payment early, meaning instead of that payment being made to the Town in 2017, it was made in 2014. He again stated these tasks are not a part of the scope of work he was to perform for the Town.

He also reviewed the achievements he has accomplished thus far, initiatives and pending development.

Achievements include RLM Communications, Phase III with construction being completed in summer 2015; Spring Lake Storage; Manchester Animal Rehabilitation Facility with construction to be completed spring 2015; U-4444 Business Impact (he stated he was able to save 26 of the 43 businesses that were going to leave Town because of the road construction); Main Street Professional Building Façade which is completed; P23 Yogurt Shop; Pawfection; Shops of Main; African American Bookstore; Lucas Moore Realty; Teens Do Care and Benny Bryant's Strip Mall with construction to be completed in fall 2015.

Initiatives include Main Street Overlay District; Economic Development Corporation; Neighborhood Stabilization and Revitalization Area; Main Street Architectural Design Plan and Special Tax District for Main Street.

Pending development includes Perry Property (Spring Lake River Walk); Spring Lake Amphitheatre; Third Street Town Square; Courtyard Marriott; Main Street Mixed use Developments and RLM Communications Phase IV.

Alderman Christian stated that the Town restored money to the Chamber based on the services that Mr. Hunt stated were not in his scope of work. Mr. Hunt replied the money was based on his ability to get the Town out of the contract with Grant Murray and the sale of the first \$150,000 of the Industrial Park land. He stated when the \$5,000 payment to the Chamber was made, an early repayment from RLM was not on the table at that time. That was further and way beyond the scope of services that he was tasked with. Alderman Christian asked if the \$5,000 was used as a bonus for Mr. Hunt and Mr. Hunt replied it was not a bonus, he originally requested \$40,000 to provide Economic Development Services and the Town approved \$35,000. Once the sale was completed he asked for the contract to be whole at \$40,000. The \$5,000 was not a bonus to Mr.

Hunt but to the Chamber which pays for a number of things in the Chamber office besides paying for Mr. Hunt. Alderman Christian stated the Board still has not received a detailed expenditure report for this quarter and the report submitted for last quarter was not detailed. Alderman Christian stated the contract calls for this report to be provided and asked if he could provide it to the Board. Mr. Hunt stated that is beyond the scope of today's workshop but he will provide a quarterly expense report to the Board. Alderman Christian's concern is that when things are done outside the scope of the contract, the Board and Chamber need to negotiate a separate contract for that work. There should not be the assumption that we will restore money to fund extra duties and this is his biggest hold up on this issue. He clarified that if Mr. Hunt is going to do something that is not in his contract and expects to be paid extra for it then they should negotiate a contract for those duties ahead of time for the exact amount and for exactly what duties will be performed. He stated he is not in favor of restoring an extra \$2,500 for something that was not negotiated ahead of time. He stated Mr. Hunt is doing an excellent job but he doesn't believe it is the right thing to do without having a contract in place.

Alderwoman Sutherland thanked the Chamber for what they do. She stated the storage facility discussions began 5 or 6 years ago and finally came to fruition before Mr. Hunt got here. However, she appreciates his help with the project. She expressed concern about not receiving the most recent financial statement that is part of the contract and is supposed to be provided to the Board. She recalls the reason Mr. Hunt was the person dealing with Grant Murray was because one of her colleagues suggested that the Board allow Mr. Hunt to pursue that option. She stated that it was her understanding when the Board discussed the \$5,000 that was it and it was over and she doesn't understand the additional request because it was not discussed. She stated that in hindsight we should have declined to give the \$5,000 and did a contract. She recalls the Board went to RLM as a Board when Mayor Rey first was elected and discussed the property sale so this was also already in the works; however, she appreciates what Mr. Hunt did to help facilitate the process. She wishes we had stayed with the licensed broker and saved our good relationship with Mr. Hunt and also to allow Mr. Hunt to do the things that he was hired to do for the Town. Mr. Hunt clarified that contracts are both verbal and written and he is not precluded by the State to sell larger tracts of land, he just cannot divide land and sell it that way. Mr. Hunt then inquired about other contracts the Town has with consultants and if that require them to give their financial documents? He also stated that he provided, what he thought was required by contract, to Ms. Webb and if there are additional things he is required to provide he would like to know. Mr. Metcalf stated that as it relates to projects there most likely are but the fact is that this requirement is in his contract and is part of the agreement.

Mayor Rey offered clarification that the contract the Town has with the Economic Development Organization is an ongoing contract and by nature the relationship is different from other contracts that are for a specific project. The reporting requirements on other contracts is usually dictated by the source of the funding and is therefore reported in some fashion usually mandated by the funding agency. Therefore, we are not able to compare "apples to apples" as requested by Mr. Hunt. He stated when the initial request for funding was made and an amount was approved, it was under the premise that the Board wanted to be able to see the work that has been done. It gets confusing because the Chamber's request and the EDC are two different things. We took the EDC and wrapped it in with the Chamber's request and what should have happened is that the \$5,000 should have been attached to any particular salary or any particular "bonus" for doing a yeoman's job of getting the deal done. Then the \$2,500 should have been presented as another bonus for negotiating an early payment on the sale, again a yeoman's job of getting money to

use that otherwise would not have come to us until two or three years down the road. Our mistake was that we looked at it through the Chamber instead of under the EDC agreement. Moving forward there needs to be some level of clarification because the Chamber continues to be a separate entity. Any additional services or recognized yeoman's services that Mr. Hunt has done should be recognized in a potential bonus based off of whatever initial funding has been given to you under the consulting agreement. We should be able to spell out in a future clause, addendum or modified agreement that specific performances that are adhered to may require additional payments. This will keep it clean and allow us to not have an adversarial relationship because the work that Mr. Hunt does is evident. The confusion comes from us using two different entities to be able to satisfy something that was really hard work that was done and should have been compensated for but in a manner that this Board is not used to.

Mayor Pro Tem O'Garra stated the Mayor stated the situation the way it should be. He stated Mr. Hunt wears many hats and has two individuals who work in the office and if someone is under the impression that \$35,000 is enough to make this place work then they are misinformed.

Alderman Higgins stated that when we gave the Chamber an additional \$5,000 it was then up to the Chamber to do with it whatever they saw fit with the understanding that they must account to this Board for the money that they receive from this Board. He stated he was under the impression that once the \$5,000 was given it was a done deal concerning the Industrial Park sale. Confusion comes in when we "go off the grid" and do things as individuals. He does not recall that the Board was ever brought into a discussion involving extra funds for getting an early payment. In the future we need more clarification prior to something extra being done and agreements must be specific. He also stated that the working relationship between the Town and the Chamber and the EDC is vital and he does not want to put a strain on those relationships but we must do things proper and in order. Mr. Hunt stated there is no ill will on his part. Alderman Christian stated that he agrees with what Alderman Higgins said. Alderwoman Sutherland agreed as well. Mr. Hunt stated that at the time the additional payment was discussed the early payment was not even on the table and he did not know about it then. He also stated that he believes the Mayor is right in his clarification of what needs to happen in the future. During a discussion with RLM he learned that they did not want to sign a promissory note and asked if they could just make the final payment. Mr. Hunt consulted Mr. Metcalf who told him to proceed. Mr. Hunt stated that he also agreed with Alderman Christian and Alderwoman Sutherland that we should have done something in writing to make it cleaner and clearer. Mayor Rey clarified that a cleaner way in this situation would have been for the Board to empower Mr. Hunt to go out and negotiate this action and the potential additional funds could have been discussed up front. Mayor Rey stated it is important to separate Chamber work from EDC work. Mr. Hunt reminded the Board that if Grant Murray had facilitated the sale, their 6% of \$300,000 would have been approximately \$18,000.

Alderman Christian stated that he appreciates what Mr. Hunt does and that he is a big supporter of the Chamber. He stated this is not personal and he is just looking out for the Town's money. He wants to make sure we do things in a correct procedure but he does appreciate what Mr. Hunt does.

Alderwoman Sutherland stated that the Town has always had a good relationship with the Chamber. She stated we have always had a Chamber but we have not always had an EDC and stated we do need to separate the two and understand who is doing what. She expressed concern about this issue being before the Board without the Board having met to discuss it as she

thought that was what would happen when the item was tables. She requested clarification about the funding that supports the Chamber of Commerce stating that the \$35,000 from the Town is not the only funding source they have. Mr. Hunt stated the Chamber is a membership organization and is funded primarily from member dues.

Mayor Pro Tem O'Garra stated that he believes it would be a benefit to the Chamber and the Board members would learn a lot if the Board would get involved with the Chamber. The Chamber hosts a lot of functions in Town and an "After Hours" function once each month and he stated he does not see any Board Members showing up to these functions. Alderman Christian took umbrage with Mayor Pro Tem O'Garra's statement and said that is completely not true. Mayor Rey admonished Mayor Pro Tem O'Garra stating those types of comments would not help in this situation. Alderwoman Sutherland stated this is bad and this is not how we operate. She stated the Board members should not be judged based on attending the Chamber's monthly meeting. She said she does not drink and does not criticize anyone who does but attending their events does not have anything to do with what the Board is trying to do here tonight. She stated the relationship we have with the Chamber needs to continue to be a positive one and she believes it to be wrong for Board members to be judged on attendance at the Chamber events. She then expressed displeasure at how the meeting has turned out. She stated that just because she does not sit in the Chamber office each and every day does not mean that she does not respect the Chamber and what they do for the Town.

The Board's consensus was to have the contract reviewed and proposed changes made that reflect the Board's desires. They will then hold a Closed Session to determine how to move forward, whether we will appropriate money to give to the Chamber for Economic Development Services or create a separate contract just for Economic Development Services that is not under the Chamber's authority.

Mr. Metcalf invited the Board Members to attend the Spring Lake EDC Board of Directors meeting which is scheduled for next Wednesday, February 4th at 6:30 p.m. at Holiday Inn Express.

(A copy of the agenda and PowerPoint Presentation is hereby incorporated by reference and made a part of these minutes – see attachment two.)

4. Downtown/Main Street Initiatives

a. Update on the Town's Authority to Form a Special Assessment District

Ms. West provided the Board with information on the Town's authority to form a special assessment district. Mr. Hunt reviewed some of the projects that can be supported by a Business Improvement District. He also reviewed the steps required to create a special assessment district.

(A copy of the agenda and PowerPoint Presentation is hereby incorporated by reference and made a part of these minutes – see attachment three.)

Due to time constraints, the remaining items on the Special Meeting agenda could not be address and were added to the Regular meeting.

b. DOT Town Funded Design Survey

This item was moved to the Regular Meeting.

5. July 4th Festival Discussion

This item was moved to the Regular Meeting.

6. Clarification of Grant Assignments

This item was moved to the Regular Meeting

7. Adjournment

Action: There being no further business to come before the Board, the meeting was adjourned at 7:03 p.m.

Motion: Alderwoman Lucas

Second by: Alderman Christian

Vote: Unanimous



Rhonda D. Webb

Rhonda D. Webb, MMC, NCCMC
Town Clerk

ATTEST:


Chris V. Rey
Mayor