

Town of Spring Lake
Closed Session Meeting of the Board of Aldermen
Municipal Building
300 Ruth Street
Spring Lake, NC 28390

January 25, 2021

GENERAL ACCOUNT

6:00 p.m.

Persons present:

Mayor Dobbins, Mayor Pro Tem Aziz, Alderman O'Garra, Alderwoman Cooper, (Via Zoom) Alderwoman Sutherland, (Via Zoom) Alderwoman Jackson, Town Attorney Jonathan Charleston, (Via Zoom) Keisha Harris, (Via Zoom) Jose Coker, (Via Zoom) Earnie Pearson, ED Attorney, Tonny McNeill, Economic Developer, Interim Town Manager, Adam Lindsay, Melissa Pereira, Deputy Town Clerk, and Debora Hudson, Town Clerk.

The motion was made by Mayor Pro Tem and seconded by Alderwoman Jackson to go into closed session pursuant to

N.C.G.S. 143-318.11(a)(4) – Economic Development

N.C.G.S. 143-318-11(a)(3) – Attorney Client Privilege

N.C.G.S. 143-318-11(a)(6) - Personnel

Tonny McNeill presented Economic Development Attorney and stated he wanted to give an update on projects and incentives agreements. Would like to discuss incentive agreements and talk about five projects, timing in announcements and the current investment in jobs. The incentive deals for 4 projects are pretty straight forward. Each company are committing to investing in a certain number of capital investments and a certain number of jobs. In return the Town is agreeing to make incentive grant payments according to amount and number of years. You never pay out money you don't have. They first pay their property taxes and afterwards they get a grant. You are never out of pocket for money you don't have, and you get a positive investment from day one. Also, Tonny has worked in some additional inducements in the way of refuge, solid waste credits, water and sewer fee credits, protected with several different types of claw backs, reimbursements, and reduction formulas. If they create less than the number of required employees, they lose their share of incentives grant payments for that year. Tonny has also worked into the deal where if it's a three-year incentive period they are required to maintain those jobs for an additional three years. If they fail, they have to pay you back some of the grant money received in the first three years. This is good inducement and

you get some long term returns on the investment. The board originally requested the companies hire Spring Lake residents and we turned it around if they hire 50% or more within the town limits then they can get a 5 % bonus on their incentives.

This is a very interesting inducement Tony has come up with. The structure of the deals is sound. Mr. Pearson paused for questions on incentive projects.

Another agreement is for residential, Infrastructure cost reimbursement structure. Can't do incentive grants for residential.

Aldermoman Jackson asked if the numbers in the agreement right now are actual numbers and Tony said yes. Aldermoman Jackson asked for copies and Tony stated he would get them to her. Earnie Pearson added before you can vote there is a need for a Public Hearing on incentive deals that must be preceded by a 10-day public notice. The formal vote will come after you have heard from the public. Aldermoman Jackson asked if the companies are waiting on us? Tony said yes, we have 3 projects that are local incentives and 2 projects that's state incentives and county incentives. State has made an offer on one of the projects and I am due to talk to the county, stated Tony.

Aldermoman Jackson asked about the time frame. Tony said the state has informally made their decision where grants are approved in late March or April and announcements come from the governor's office, like Candyland and Ironman. Aldermoman Jackson said we want ED to move within the next three meetings and we don't need to prolong for another three or four months. How soon can we get those? Tony stated with project Candyland the state has made an informal offer of what they can commit to. The popcorn company is a \$825,000 investment with 48 jobs over two years. The state has indicated they would give 85,000 in the building and reuse grants and Golden Leaf has said informally that they would offer \$5,000 per job. There is an equipment lease grant and the way it works is money for the cost of equipment is given to the town and then the company would lease the equipment from the town plus interest. The funds are put into an ED fund and only used for that purpose.

Aldermoman Sutherland thanked Mr. McNeill about addressing her need to want to hire employees from Spring Lake. Aldermoman Sutherland referenced Mr. Lindsay about a statement she made at a special meeting about infrastructure, about water and sewer incentives, one said we could, one said we couldn't. Make sure we are in right standards to move quickly. As long as we do our due diligence considering what the town is facing. We do have an attorney. Mr. Charleston. Alderman O'Garra asked about three locations. Does it have to have state, county and us? Tony stated only two.

Tony stated with Project Ironman we already received a commitment of a \$500,000-block grant from the Community Developer Block grant.

Tony stated the first step is to make sure we passed the local part of the incentive.

Alderwoman Jackson stated she can't vote on what she can't see. How soon can we get this? Tonny stated tomorrow. Alderwoman O'Garra asked when you leave here today can you go to work on the 10-day process to notify the public and prepare for a public hearing? Tonny directed the question to Mr. Pearson. Mr. Pearson stated you would do the public notice whenever you want to and it needs to be published in the newspaper. You can go ahead and direct staff in order to move quickly. Mr. Charleston said you can go ahead and direct staff when we come out of closed session to go ahead and issue a public notice for incentives discussed and we can get going on that. If there's a problem of what you see we can postpone the public hearing. Tonny stated that he would recommend on Project Candyland that we move forward on the local part, our portion of the incentive after the discussion tomorrow with the County. Don't take the heat off the county. Wait and see how they will support when you meet with them tomorrow. Hot Sugar Pops has great growth potential, stated Mr. Pearson. Tonny reiterated that Candyland is a gourmet popcorn company located off of Hwy 210. It will be a manufacturer and a distributor.

Mr. Pearson briefly touched on Project Pancake and stated it's a little different. He said it is a 100-unit residential development. There is a provision from the local government and county to reimburse developers that allows them to dedicate infrastructure to the town with 70% of developer fees.

Never out of pocket, getting what you have paid out if not more. Residential development is very important for future growth. If there isn't any where to live or no amenities for people then you are behind the eight ball. People will live, in Spring Lake, eat in Spring Lake, and spend money in Spring Lake.

Mayor Dobbins added that town North of us is moving this way with their residential development.

- Mr. Charleston asked Mr. Pearson if he felt like the most important thing for Economic Development is workforce development, having a well-trained prepared workforce? Mr. Pearson stated its more important now because of the demographics. Nothing will offset a good workforce.

Mr. Charleston reminded BOA that the town adopted an incentive policy that lays out the process and framework for the BOA to consider.

Mr. Pearson noted the Infrastructure reimbursement agreement does not have the same public notice requirement as an incentive agreement. Mr. Lindsay asked does this mean it doesn't require a public hearing at all? Mr. Pearson stated its not required but I will defer this to your town attorney.

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None of those projects went through the LGC.

I don't know how we are going to pay for two of those. I am asking you all to allow me to make some changes in finance as soon as possible to get this done.

Mayor Dobbins asked was he saying we have got to stop cutting so many checks. Mr. Lindsay said yes.

Mr. Lindsay reiterated we have got to stop writing so many checks. I am worried about our budget, worried about the debt we have incurred that we don't have a plan in place to pay for, I love ED but I want you to take a hard look because what we can't do is send money out that we don't have. Spring Lake is in a serious financial challenge. We have to get this right. Its not a positive happy message to the employees nor is it popular. We have to all buckle down. Alderman O'Garra stated in 2019 Chief came to us with a proposition about the trucks. There is paperwork that says we would pick up trucks in 2020 and 1st payment would be 2021. Somehow this is a mess up. The contract does not say that. We were late on the contract. Alderman O'Garra asked who signed the contract? Mr. Lindsay stated the town manager. Charleston responded the contract says one thing and the reality is the financing had not been arranged until it was time to take delivery of the trucks. Alderwoman Jackson commented on not writing so many checks, we might want to think of another alternative with Mr. Durham that's not going to cause us to have to write a check. Charleston said in addition that we have to make a priority because we have two key personnel and you need a solid town manager and a solid finance director. And if you don't put those two things in place, I don't think its going to give a lot of confidence to the LGC or the state auditor.

Alderwoman Sutherland stated I heard Lindsay loud and clear. We as board members have been told twice that we are on the watch list. We have got to get this town back in order. We have hired Mr. Lindsay with his experience and he has made great recommendations. Mr. Charleston has done his due diligence. I think we need to go forward in a positive direction, make sound decisions and continue to learn from the professionals, ask questions and move forward which will take some time. We are behind, way behind in a bad situation.

Mayor Dobbins stated there is divine guidance in anything we do. It's going to take unity. We have an ITM who seems to be well grounded. Get behind him and give him the support for all of us to work together. Alderman O'Garra stated I believe a large step to moving forward is to relocate finance under the Town Manager. I have said this a number of times. Dobbins stated, lets continue to

trust the process.

ATTEST:

Mayor
Larry G. Dobbins

Debora Hudson
Town Clerk