1. **MEETING CALLED TO ORDER**

2. **INVOCATION**

3. **PLEDGE OF ALLEGIANCE**

4. **PUBLIC COMMENT**

5. **APPROVAL OF AGENDA**

6. **CONSENT AGENDA**
   A. Approval of City Council Work Session Minutes Dated July 9, 2019 – (Pages 3-15)
   B. Approval of City Council Meeting Minutes Dated July 16, 2019 – (Pages 16-25)
   C. Approval of Special City Council Meeting Minutes Dated August 6, 2019 – (Pages 26-36)
   D. Approval of City Council Work Session Minutes Dated August 13, 2019 – (Pages 37-42)
   E. Approval of Joint Interlocal Committee Meeting Minutes Dated August 16, 2019 – (Pages 43-49)
   F. Approval of Special City Council Meeting Minutes Dated September 10, 2019 – (Page 50)

7. **SPECIAL AGENDA**
   A. Recognition of Citizens Academy Graduates – (Page 51)
   B. Recognition of Jonesboro Rotarian Terry McMillian – (Page 52)

8. **CASES FOR PUBLIC HEARING: to be held jointly with the Planning Board**
   A. Public Hearing – Franklin Drive Waterline Petition
      • Consider Resolution Directing that the Project be Undertaken – (Pages 53-54)
   B. Public Hearing – Community Development Block Grant for Project Forge – (Pages 55)
9. **DECISIONS ON PUBLIC HEARINGS**

10. **REGULAR AGENDA**
    Consider Resolution Approving Economic Development Incentive – (Page 56)
    - Consider Economic Development Incentive Agreement – (Pages 57-86)

11. **NEW BUSINESS** *(Items for discussion and action will only be taken if necessary. Otherwise, these items will be placed on the next agenda for approval.)*
    A. Consider Update on the Police Initiative in Downtown Sanford by Kelli Laudate, Downtown Sanford, Inc. Executive Director (Page 87)
    B. Consider Resolution in Support of the Temporary Closure of a Portion of Moore Street for Community Tree and Train Lighting (Pages 88-89)
    C. Consider Resolution in Support of the Temporary Closure of Several Streets for the Sanford Sloth Event and Race – (Pages 90-93)
    D. Consider Resolution in Support of the Temporary Closure of Portions of Several Streets for the Central Carolina Jaycees 2019 Sanford Christmas Parade – (Pages 94-97)
    E. Consider Resolution Directing the Clerk to Investigate the Sufficiency of Annexation Petition by Lee County (Page 98-102)
    F. Consider Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2019-2020 (Fire) - (Pages 103-104)
    G. Consider Grant Project Ordinance Amendment – Project Forge – Infrastructure Improvements – (Page 105)
    H. Consider Acceptance of Golden LEAF Grant for Project Forge – (Page 106-113)
    I. Consider Adopting Design-Build Criteria for Project Forge – (Pages 114-119)
    J. Consider Community Development Project Ordinance Amendment – (Page 120)
    K. Consider Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2019-2020 (Legal) – (Pages 121-122)
    L. Consider Participation in Class Action Lawsuit on Opioids – (Pages 123-136)

12. **OTHER BUSINESS**
    Closed Session – (Page 137)

13. **ADJOURNMENT**
The City Council held a work session on Tuesday, July 9, 2019, at 6:00 p.m. in the West End Conference Room at City Hall. The following people were present:

Mayor T. Chet Mann
Council Member Byron Buckels
Council Member Jimmy Haire
Council Member Charles Taylor
City Attorney Susan Patterson
City Clerk Bonnie Davis

Mayor Pro Tem Rebecca Wyhof Salmon
Council Member Sam Gaskins
Council Member James Williams
City Manager Hal Hegwer
Management Analyst Holly Marosites
Deputy City Clerk Vicki Cannady

Absent:
Council Member Norman Charles Post, III

Work Session
Mayor Chet Mann called the work session to order.

Presentation by UNC School of Government on East Sanford Study (Exhibit A)
Marcia Perritt, Associate Director of the Development Finance Initiative (“DFI”), a program at the UNC School of Government that provides technical assistance related to financing real estate development and community economic development, introduced Jordan Jones, a real estate developer and Developer Advisor with DFI. She reminded Council that DFI was asked to provide advice on how we can support revitalization and provide more quality housing in East Sanford and where there were opportunities for a transformative market-rate housing project in the border area between East Sanford and downtown. She noted that much of the area is in an Opportunity Zone and they researched whether there was a way to leverage this for revitalization.

Ms. Perritt described some of the research and analysis behind their recommendations, including a community scan, demographics, employment trends, workforce status, prior plans for the area, parcel analysis, market analysis, and high-level site analysis to determine viability and constraints.

The study area they defined as East Sanford consists of about 1,400 parcels with about 900 buildings (shown on page 9 of Exhibit A). The area, which is fairly large, also includes a National Historic District (with McIver School and Temple Ball Park). Ms. Perritt reminded Council that public investments in road construction, a road “diet”, streetscape improvements (including new sidewalks) and bike lanes will be coming to this area and will provide major connections and gateways to the neighborhood.

She reviewed the following key findings:
- More than 50 percent of neighborhood properties are considered “distressed” (having a value of $20 per square foot or less);
- Homes are older on average than those in the city, county and state (62 vs. 41 years old);
- Median home value of $82,000 is lower than the city average of $139,000;
- Neighborhood population grew three times faster in five-years than the City;
- The Latino population is twice as high as the City and the percentage of those who were foreign-born is stabilizing (fewer immigrants, more born here);
• The neighborhood is approximately 1/3 Latino, 1/3 African-American; and 1/3 Caucasian;
• It is extremely unusual to see a “distressed” neighborhood with population growth. Typically, the largest problem for similar neighborhoods is vacancies. Having citizens who want to live here presents an unexpected opportunity that can be leveraged. The neighborhood has a different type of growth than other areas where gentrification occurs. Mayor Mann commented that he met a couple recently who have lived near Temple Park for 40 years and their house is declining. Rather than move out of the neighborhood, they are going to demolish the house and rebuild on that site because they don’t want to leave the neighborhood;
• The fastest growing population segments are families with young children and adults 55 and older;
• The poverty rate is higher than the City and median household income is lower but the unemployment rate is comparable to the City, indicating that this population is likely the work force. They did not analyze the crime rate but could if requested. Council Member Williams (who owns an insurance company) suggested that this area does not have a high crime rate and Mayor Mann commented that there may be small pockets with high rates but not for the area as a whole.
• It appears that East Sanford housing is naturally fulfilling a community need that should be stabilized, protected and nurtured but it could benefit from some aesthetic improvements. Encouraging people to move into an area is often the primary challenge. Greenville invested heavily in streetscape, established an urban redevelopment area, rehabilitated houses and provided homeownership literacy programs to a neighborhood near downtown West Greenville that is physically separated by a railroad track but residents still did not want to locate there. She predicted that this would not happen in East Sanford since people are choosing to live there;
• Renters comprise about 72 percent of residents and the trend toward renters has increased over the past five years. While it is good to have rental housing (a key component of housing stock), this may be heavy in terms of stabilization. If we move forward, she might encourage us to convert some renters to owners in order to achieve more of a 50/50 mix of renters and owners, which would help provide more long-term roots;
• As owners sell or as residents age and properties are passed to heirs, houses are purchased as rentals. Some do own multiple properties, but there is very little public ownership.

Ms. Perritt reviewed a map showing building per square foot values of owner-occupied properties only. To determine where revitalization might be most strategic in such a large neighborhood, they identified an area around the Seventh Avenue corridor and Charlotte Avenue (shown by the purple oval on page 9 of Exhibit A) with higher homeownership and values relative to the neighborhood. She suggested that if the City were to intervene and do some strategic investments, this would be a key area since there are opportunities to leverage with upcoming streetscape and sidewalks investment. It is also near the area of the Charlotte Avenue DOT road diet project and Temple Park (a potential joint partnership with the County). This neighborhood of about 300 parcels would be a good starting point for a manageable project and is quite visible (Charlotte, Seventh and Third are important corridors) and there is ownership on which to build. The potential for spillover effects would also help stabilize the rest of the neighborhood. She reviewed some guiding public interests and noted that statistics indicate that the quality of housing is declining and problems with code enforcement violations will likely increase.
According to Ms. Perritt, there are opportunities for revitalizing the neighborhood and catalyzing private investment into existing housing stock through rehabilitation and preservation rather than new construction or infill. She recommended using an Urban Redevelopment Area (“URA”), which was used effectively in the neighborhood near the Wicker Street School and near Depot Park. After a URA plan is created (with community participation to set goals and objectives) and an area designated, there are special statutory powers to which local governments have access in order to attract private investment. A Redevelopment Commission would write and prepare the plan and implement it with oversight from staff and Council. Commission members are appointed by Council and could in fact be composed of Council members; however, she noted that they can inherently become political and most successful Commissions are boards independent of Councils. There are rules to prevent members from profiting and materially benefitting from Commission decisions; they are allowed to own property but cannot acquire through eminent domain and cannot demolish properties and then sell lots to the Commission.

A URA would build consensus, gather public input and allows the Commission to acquire property. It can use the power of eminent domain for blighted parcels only and this power is used only as a last resort: it can be useful for heirs’ properties and but quite challenging for redevelopment since legal fees can exceed the value of the properties. A URA can also clear areas by demolition or removing buildings; make site improvements and do site preparation; enter into contracts for construction, demolition or repairs; engage in programs of assistance and financing (subject to limits and regulations), provide matching grants for rehabilitation and make loans for infill development (including market rate development, not limited to affordable housing); and sell property through competitive bidding procedures. A URA would also allow properties to be encumbered with covenants to uphold redevelopment goals (such as buying a property subject to a requirement to rehabilitate within five years or it would revert to the City or requiring that a property be owner-occupied for a period of time in order to receive matching grants or loans). These requirements help align private investment with revitalization goals so that investments are not in vain and send a signal to the private sector that the City is serious about redevelopment. A URA does not guarantee state or federal funding but may help secure it; does not allow private sale without monetary consideration unless it is for affordable housing or other very specific instances, nor do they allow for private sale for fair market value except in very specific cases. Ms. Perritt recommended holding a URA workshop as a next step and noted that DFI can provide more details and examples of how they have been used in other communities.

Ms. Perritt suggested that Temple Park could be a key investment since it is near an area where public investments will be made. It is quite visible and in the center of the study area with highest home values and home ownership. Investments in Temple Park would show the residents and private sector that the City is serious about revitalization in the area.

Regarding DFI’s findings that some renters in the area could afford higher priced housing, Ms. Perritt explained that there are opportunities for more market-rate rental housing and this is causing some constraints in the area. She cited a neighborhood near downtown Kinston (Mitchell Town), a distressed historic neighborhood of about 600 to 650 parcels with declining population and a 25 percent vacancy rate. About five years ago, Kinston established a URA and the City made key strategic investments in new sidewalks, streetlights, swap land for public art, received a grant for a river walk, used targeted strategic code enforcement to crack down on absentee property owners, used tax foreclosures and minimum housing orders to facilitate better ownership, and used limited eminent domain. Since that time, the vacancy rate has dropped to ten percent. They concentrated on an area of about 300 parcels and she noted the importance of breaking the large East Sanford study area into a smaller area on which to
concentrate in order to see more impact and a quicker return. Mr. Downey stated that he found the fact that East Sanford is growing at a rate three times higher than the City very encouraging since it indicates an inherent market demand. Mr. Taylor reminded everyone that the strategy for downtown streetscaping was to concentrate on and complete an area before extending it.

Mayor Mann questioned how retail and commercial opportunities would fit into this strategy and cited the shortage of retail in the area. Ms. Perritt responded that that it could be worth exploring but the neighborhood character is largely residential and commented that it could be seen as downtown competition, given its proximity. Mr. Jordan suggested that if the focus is commercial development, we should build on the downtown core. Ms. Perritt conceded that she could envision commercial development at both ends of the area and suggested that the road diet will slow traffic and likely increase the area’s residential character. Investing in improvements to a key gateway into downtown would also be good for the downtown economy and encourage commercial investment.

Regarding Opportunity Zones, Mr. Jordan explained that small investors seeking to reinvest small capital gains are typically the ones currently investing in them. He is one of the developers involved with Fayetteville’s new baseball stadium and has also led redevelopment efforts at the Prince Charles Hotel and new Hyatt Place Hotel and office building. Investors with whom he has spoken have no interest in Opportunity Zones and they are not being utilized as much as anticipated. Original projections were for $5 billion investment but total current estimates are only about $300 to $400 million. The ten-year holding period has been a large barrier according to some large-scale investors. This has been disappointing to many communities where they hoped the zones would drive additional private investment. He stated there are many more projects than capital today and many opportunities are available. He also recognized that there are zones throughout the entire country and several hundred in North Carolina. Ms. Perritt suggested that the Opportunity Zone development currently underway are large projects that would have happened without the program; they are not drawing new investment. DFI advises clients to keep doing pre-development work and make wise decisions about areas where they want to draw Opportunity Zone investment. Mr. Jordan stated that rehabilitation projects in East Sanford appeal to smaller-scale investors who can hold for a long term since they will generate cash flow as value grows slowly. Mr. Hegwer confirmed that staff has contacted representatives from opportunity funds and Hannah Kirby with the Carolina Opportunity Fund will be coming to Sanford to review projects.

Council Member Taylor suggested it would be easier to begin in an area with more owners and work outward and Ms. Perritt suggested beginning near Temple Park. While one strategy is to begin in the most distressed area, she has found that beginning in the healthiest area can stabilize the area and encourage growth. Ignoring a healthy area while tackling a highly distressed area will consume resources from the healthy areas and they will begin to decline. Mr. Jordan agreed this is the most efficient use of funds. She reminded Council that a URA will require city investment and leadership to help develop and implement a plan but without one, investors will continue acquiring rental properties for cash flow and maintain them rather than reinvesting in them. DFI does not propose long-term leadership but rather using a URA to facilitate and act as an intermediary to return those properties to more productive uses. Mayor Mann suggested that the upcoming DOT street diet project will be a catalyst for change.

Regarding DFI’s affordable housing assessment, Ms. Perritt noted that many of their findings aligned with Triangle J’s on affordable housing needs in the area. Highlights include the following:

- Nearly one in four households are severely cost-burned (spending more than 30 percent of income on housing costs) and the poorest are the most cost burdened. This is especially
true in East Sanford, where the poverty rate is higher and median household income is lower, making East Sanford renters severely cost-burdened. This indicates that people are paying a lot for distressed housing;

- Nearly 80 percent of senior-citizens who live alone face some degree of housing cost burden, making this an urgent need;
- There is a market strain on housing stock for low-income households, with an undersupply of affordable housing for low-income households. She reviewed a chart of household income brackets and total units affordable to those in each bracket compared to the actual number of renters and found a disconnect. For those earning less than 30 percent average median income (“AMI”), there are 1,200 households but only 745 houses affordable to them. For those earning 30 to 80 percent AMI, more units are available than the number of households, indicating that higher income households are taking some of the supply. For those earning more than 80 percent AMI, there are nearly 1,700 households but only 325 affordable units. This disparity in supply and demand is causing strain on lower-income brackets and increasing the severe cost burden. They do not see this phenomenon often. It appears that there is a shortage of rental housing for 80 percent AMI and above and they are taking housing from lower income households: while they could afford more, it is not available. Mr. Jordan explained that there is a growing body of research and recommendations that building more inventory for those who can afford more will create more housing opportunities for lower income households; building more at the top will naturally create more affordable housing (“filtering”).

Mr. Downey expressed encouragement by the higher-than-average demand for housing in East Sanford and the possibility that creating more housing for 80 percent and above AMI households could provide more housing to “filter down” to lower AMI households. Ms. Perritt explained that their research on new housing in Sanford indicates a supply of larger single-family homes but not as many townhomes or modest housing to appeal to the “missing middle” or those households earning less than 80 percent AMI. There is currently a deficit of 1,345 rental units affordable to those earning 80 percent AMI and above and this is putting pressure on our affordable housing stock.

One traditional strategy to provide affordable housing is low-income housing tax credits projects (“LIHTC”) but the challenge is that East Sanford does not have neighborhood amenities to be competitive for these. These LIHTC projects must be located within 1.5 miles driving distance of a qualifying grocery store and East Sanford does not meet this requirement. This likely will not change, since current trends are moving away from “mom and pop” neighborhood stores and larger stores base building decisions on demographics and populations. Mr. Taylor stated that his church has worked in an area near Shaw University in Raleigh that is six miles from a grocery store (a “food desert”). The Dollar General store on Bragg Street provides basic staples but does not qualify as a full-service grocery store. The nearest full-service grocery store, Food Lion, is 1.7 miles away, just beyond the 1.5-mile requirement. There are some sites north of the railroad tracks that would qualify for a LIHTC project but they are not in the study area. She explained that the challenge is that Sanford needs affordable housing but East Sanford does not appear to be the right place to address that need because it is not competitive for the nine percent LIHTC. There is a non-competitive four percent LIHTC option with certain amenity requirements and there are some East Sanford sites that would qualify but they are normally targeted only for very large developments. DFI is currently working on a project in downtown Durham with more than 100 units and significant public participation ($30,000 per unit) is still required, along with required
parking. With limited resources, the nine percent LIHTC is likely the best way to address affordable housing. It appears that there is developer interest in providing affordable housing and DFI would help analyze potential sites; they analyzed some in the neighborhood but there are only a few. There are some city-owned sites but the projects would be less than 100 units and fall into the four percent LIHTC category and would require public participation.

Ms. Perritt agreed that affordable housing is an urgent need, especially for seniors and low-income households. She suggested that we determine whether the priority is geographic (East Sanford) or general; that we explore site control of potential four percent LIHTC sites within the neighborhood; and consider additional sites throughout the City that would be competitive for nine percent LIHTC projects (which DFI could help identify).

DFI also considered “fringe” sites, the area where downtown and East Sanford meet, mainly for market-rate housing although there could also be some commercial components. Ms. Perritt explained that the market is not developing new market-rate housing, especially multi-family, and she suggested this because of risk and the availability of opportunities elsewhere. While Sanford isn’t seeing this development, they have seen some demand for it. She stated that the City can play a crucial role in de-risking a project to attract those developers. DFI has found that doing pre-development work (assembling sites, taking on site control) in order to reduce risk can help bring developers to the table who otherwise wouldn’t be attracted to an untested and risky area. An investor is more likely to invest in an area where they see a clear path to site control than in an area like East Sanford where there are potential barriers to site control (properties owned by multiple owners or heirs; tax or code enforcement liens; title issues).

Local governments can take steps to help de-risk this by assembling properties and gaining site control to draw local investors. There are some advantages with code enforcement and lien foreclosures: when a local government forecloses, it clears the title and helps extinguish some of those liens, clearing the path for investors. Another tool new to North Carolina is receivership but some local governments are apprehensive because of the investment and uncertainty of seeing a return. Some local governments are testing out receivership after all other resources have been exhausted. A qualified receiver can be appointed to take control of and make investments; receive rents; make repairs and then make the cost of those improvements a lien against the property. Through this method, a local government could partner with the private sector and help spread some of the risk. Another issue with site control is having enough properties to make a project worthwhile. The economy of scale is often what makes projects worthwhile and local government could take this role to help assemble and cluster those properties into a portfolio for investors. Mayor Mann agreed that using all available resources to improve a particular area and use as an anchor (perhaps the oval identified by Ms. Perritt) from which to expand could spur interest, even though it could be a long-term project. Ms. Perritt suggested a more bullish approach due to the population and demand, noting that Kinston turned around in five years.

Ms. Perritt suggested the long vertical area shown on page 32 of Exhibit A as another example for a downtown fringe area project, potentially for multi-family. DFI researched several sites, including the city-owned “Brownfield Site”, south of McIver Street School and found it an interesting site; however, it is adjacent to active industrial and incompatible uses and is in a more distressed section of the focus area. With the potential for a multi-family project in the future, she suggested that we begin taking steps through zoning, planning and other powers to set the stage for what we want this area to be in the future. While we want to maintain businesses in the area, they should be compatible with our vision and we should be mindful of this area which may have potential.
She also mentioned McIver Street School (just north of the “Brownfield site” above), a 30,000 square foot historic school on 1.2 acres owned by the Bread of Life. DFI also found this site interesting because of its historic nature but it would be an extremely challenging project. It is also located in a more highly distressed area and is adjacent to incompatible uses. Redeveloping it would likely be possible only through a coupling of historic tax credits with low income housing tax credits. Redeveloping historic schools is challenging, even in the most robust markets. Mr. Jordan referenced one just outside downtown Durham that required a large investment from the City and County, even with historic tax credits. Community Development Manager Karen Kennedy reminded Council that long-term visions of the S3 Housing Task Force and Bread of Life included converting a portion of this property into affordable housing. Unfortunately, Ms. Perritt suggested this is not a feasible long-term strategy without a private benefactor. She also explained that it is not competitive for the nine percent LIHTC because of the required amenities nor does it have adequate parking. Even if a qualifying grocery store were to locate within the required 1.5 miles, the requirement for 1.75 on-site parking spaces per unit is not available. A project would also require acquiring additional site control to provide parking for affordable housing units (at least 0.25 acre would be needed per Mr. Jordan). Exceptions to on-site parking requirements are made only in extremely urban areas and requirements are very strict about location and the number of spaces. Properties located in distressed areas do not typically qualify for the four percent LIHTC and if they do, a redevelopment plan for the surrounding area is required since the state does not want to concentrate low-income housing in areas already distressed. Ms. Perritt advised Council that the McIver Street School is an important property and may one day present a good re-investment opportunity; therefore, we should take measures to stabilize it and preserve the opportunity.

Closed Session
Council Member Buckels made a motion to go into closed session in accordance with N.C.G.S. 143-318.11(a)(3), to consult with an attorney employed or retained by the public body to preserve the attorney-client privilege. The motion was seconded by Council Member Taylor and carried unanimously.

Return to Regular Session
Ms. Perritt summarized potential next steps and explained that DFI could assist with forming a URA; advise on site control; assist with pre-development work and help attract development partners for affordable housing project and potential opportunities in the Opportunity Zone. They would recommend that staff attend a workshop to learn more about URAs.

Recess and Re-Adjournment
Mayor Mann requested a dinner recess at 7:45 p.m. The meeting was reconvened at 8:05 p.m.

Update and Discussion on Kiwanis Park (Exhibit B)
City Parks Director Don Reuter provided an update on the Kiwanis Family Park project as detailed on Exhibit B. Walkers began using the new walking trail as soon as it was paved and the project is moving along nicely; it should be complete by late August. Public Works Director Victor Czar thanked the County for allowing the entrance to be closed for a short time rather than requiring a temporary road during construction, saving us time and money. He also thanked Council for approving new restroom facilities rather than rehabilitating the old ones. Mr. Reuter informed Council that he speaks regularly with John Payne, Lee County Parks Director, and confirmed that the County will still manage the original trail at the rear of the park and we will be partners in these projects going forward.
He reviewed photos (see attached Exhibit B) and proposed that the splash pad be open from 10:00 a.m. through 7:00 p.m., Memorial Day through Labor Day (the industry standard); however, depending on weather, we could open before Memorial Day and remain open after Labor Day, from 3:00 p.m. through 7:00 p.m. on school days and full days on weekends. He also suggested that we require parental supervision for children under 12 years of age. If Council decides not to charge an entrance fee for the splash pad, he proposed having one full-time employee along with seasonal support and if Council decides to charge a fee at the splash pad, he recommended one full-time employee along with one to two seasonal employees while the splash pad is open. Detailed rules are still being developed for the facility and they are consulting with nearby communities who have similar facilities.

Regarding fundraising opportunities, Mr. Reuter thanked the Kiwanis Club and Council Member Gaskins (a Kiwanis member) for their $5,500 commitment toward the Volta Inclusive Spinner on the playground. There are sponsorship opportunities for other playground equipment, shelters, shade structures and picnic tables and Burke, the equipment supplier, is developing signs to recognize donors. No decision has been made on pricing but he and Mr. Czar have discussed a sign to recognize the Reeves Family contribution and using that as a template for other donations. Additional information on sponsorships is being developed and will be shared with Council. Mayor Mann reminded Council that a non-profit entity is being formed (see “Other Business”) through which funds can be donated directly. Mr. Gaskins noted that the local Kiwanis Club could also receive donations for the park through the Kiwanis Foundation. Mr. Reuter reminded Council that naming rights for the shelters are still available.

Mr. Reuter reviewed information on potential fees for the splash pad. Staff researched other nearby facilities and found that the only facility that charges all visitors is Scotland County (a small pad that holds about 50 people; ours will hold 177). They charge $2 per user, which generates about $15,000 annually in gross revenue and they have two staff members at all times. He visited the splash pad and associated softball complex in Fuquay-Varina, where they collect a $2 fee from non-residents only that generates about $30,000 gross revenue annually. Nearby facilities that do not charge are: Fayetteville/Cumberland County; Greensboro; Carthage (two pads); Burlington; Southern Pines; and Pinehurst. Mr. Hegwer noted that Raleigh, Cary and Wake Forest do not charge entry fees. Mr. Reuter explained that a second employee is needed and additional staff time would also be required to process fees. Mr. Czar commented that some facilities charge if a splash pad is associated with a pool or another feature (such as the indoor aquatics facility in Raleigh), but no fee is charged in most areas with only a splash pad or public park with a splash pad. Fuquay-Varina residents are not charged if they have a “proof of residency card” but they are available at the community center, located right across the street from the splash pad. Council Member Taylor suggested that we could charge non-residents and residents could be charged only for a card that could possibly be processed with an unmanned system (depending on the card). Mayor Pro Tem Salmon commented that she would not want to prevent residents without a card from using the splash pad and Mr. Czar acknowledged that other locations have found that an entry fee is a barrier for many people. Combining the cost of collecting revenue, relative to the amount of revenue generated, along with financial compliance requirements, credit card processing fees, and potential for machine malfunctions, would support a fee of $5 or more. He also suggested that people have difference expectations when they pay a fee for a facility compared to a free public park.

Regarding the requirement for adult supervision of children under 12 at the splash pad, Mr. Reuter confirmed that is the industry standard but noted that we could be flexible. He acknowledged that there will be times, and it will be a challenge for park staff, when a parent may have one or more children at the playground and one or more at the splash pad. Mr. Czar suggested that parents should be inside
the gate and near enough to properly supervise their children but since the degree of supervision is different for each child, discretion will be needed.

Mr. Reuter reminded everyone that a shade structure will be behind the splash pad and umbrellas are typically discouraged (since they can be blown away). Mayor Mann suggested that parents will adapt quickly and learn what works at the park. Mr. Reuter confirmed that we will be reusing water and it will be warm at times. Mr. Czar suggested that we prohibit chairs, umbrellas, balls and other toys and use experience from this first short season to analyze and make adjustments.

Council Member Taylor questioned how the suppliers (Burke and Vortex) had performed. Mr. Reuter confirmed were no complaints and the only snafu was a delay with installing playground equipment but it was not a major problem (there were staffing issues). Mr. Czar stated that the “fall safe” installation took a little longer than expected but was not a huge problem. Both companies have been responsive to phone calls. Mr. Reuter informed Council that staff had attended “pool school” (an online module and class session, along with a test for national certification), company representatives will visit the site to train staff, and we will have access to a helpline for repairs.

Regarding concessions, Mr. Reuter explained that selling hot food and collecting money would be complicated and suggested we provide vending machines or use a vendor. Mayor Mann noted that concessions are not offered at any facility he visited. According to staff at nearby splash pads, splash pad visitors typically stay between 45 to 60 minutes, much shorter than they would at a swimming pool where they would stay longer and be more likely to eat. Since it is not a park with tournament facilities and walkers don’t expect food, there will not be much of a demand for food. Mr. Reuter suggested that we could experiment with food and/or ice cream trucks.

Mr. Buckels suggested that no fee be charged at the splash pad this year and reconsider next year, if necessary. Mr. Taylor agreed that this short season will be a good “trial run” and Mr. Reuter suggested there are many benefits of a “soft launch.” He explained that there will be other opportunities for revenue, such as shelter rentals (as used by the Lee County Parks Department): shelters are generally available on a first-come, first-served basis but we could offer a reservation system for those who want to ensure that a shelter is available for an event. If demand is as high as anticipated and we construct another splash pad, we could re-evaluate whether to charge an entry fee. Mayor Mann agreed that no fee should be charged at the splash pad this year and we can revisit it in the spring. Mr. Czar noted that Vortex installed a very similar splash pad at Oak Island just before our project and their operational expenses (excluding replacement costs) are about $200 monthly for chemicals, electricity, etc. Mr. Taylor suggested that we gather information and feedback (through surveys, website, comment cards, suggestion box) about people’s experience at the splash pad in lieu of charging this year. He also questioned whether sponsorship opportunities would be available for the fence which Mr. Reuter confirmed could be a stand-alone feature with various contribution levels.

Regarding the construction timeline, Mr. Czar reminded everyone that we are also constructing a playground and walking trail in addition to the splash pad. Mr. Reuter shared his perspective that we have taken an older dated park and designed a new park that will appeal to a much broader, more diverse community. While the splash pad is an exciting feature, it will be available only about three months of the year while the other features are available year-round.
Mr. Czar asked Council about a smoking policy at the park, noting that this issue was raised in connection with Depot Park. He explained that other nearby park systems have policies banning all tobacco and nicotine products at their facilities. Several suggestions were made to prohibit use of all tobacco and nicotine products, including electronic “vaping”, since we are creating and promoting a healthy environment for children. There was discussion as to whether the policy should apply only to the area inside the splash pad, the entire Kiwanis Family Park, only the City’s portion of the park, Depot Park, or the entire park system through coordination with the County. Mayor Mann suggested we prohibit use of all tobacco and nicotine products in the City’s portion of the park and acknowledged that it would be more difficult to enforce at Depot Park, where outdoor concerts and events are held. Mr. Reuter suggested a designated smoking area. Mr. Czar commented that we could institute a policy at Kiwanis Family Park and see how it is received. Consensus was reached to prohibit use of all tobacco and nicotine products (including electronic cigarettes, “vaping”) on the grounds of the City-owned portion of Kiwanis Park, including the parking lot.

Council also discussed whether animals should be prohibited from the splash pad and whether to allow them on the walking trails. Consensus was reached to prohibit animals at the splash pad but permit them on the walking trail (which will be an extension of the greenway).

Regarding hours of operation, Mr. Czar questioned whether there was consensus to use the industry standard hours of 10:00 a.m. to 7:00 p.m. from Memorial Day through Labor Day, which is used by nearby communities. Mayor Pro Tem Salmon suggested that the park remain open after Labor Day if there is demand by the public and the weather permits. Mr. Reuter agreed that an effective park system is flexible in meeting the demands of the public.

Maintaining accurate head counts at the splash pad was discussed and Mr. Reuter confirmed that entries and exits will be monitored. Many nearby parks use whiteboards for tracking but adequate staffing will be required. He also noted that staffers will develop a sense of the crowd size after they have observed guests for a time.

**Other Business**

Mayor Pro Tem Salmon informed Council members that the Triangle J Council of Government is establishing a non-profit organization for reasons similar to ours, including grant opportunities for which only non-profits can apply, and she has just learned that this service will be offered to local governments as an umbrella non-profit, to act in conjunction with them. We could consider this option rather than establishing our own non-profit but she noted that there is the potential for conflicts of interest if two local governments were interested in pursuing the same grant and they could not partner with both. They are still in the formation phase and the board has not set precise parameters for handling potential conflicts.

City Attorney Susan Patterson reminded Council that forming our own non-profit has been proposed to provide the opportunity to raise funds, receive donations (for arts projects, Depot Building renovations and other City improvements). Staff has also researched the NC Community Foundation which already has a Lee County arm and Lee County residents on its board. Another option is to have an entity with a broad umbrella to potentially handle homeless-related fundraising. Staff has begun drafting articles of incorporation and by-laws (see attached Exhibit C) to establish a non-profit and Mrs. Patterson requested feedback on the name (Community Enhancement Foundation; Friends of Sanford, Inc.; or something else); whether to include purposes other than those shown in the proposed Article of
Incorporation (attached hereto and referenced as Exhibit C); and forming the board of directors. She explained that because of experiences with self-perpetuating boards on other non-profits that involved little oversight, a suggestion was made to have a board composed of the Mayor, Mayor Pro Tem, a Council member, and others whose main role is to improve Sanford and Lee County, such as the SAGA CEO and president of the Lee County Arts Council. Mrs. Patterson explained that she is researching to determine whether this could trigger governmental oversight rules. She noted that Council has discretion to appoint board members and they do not have to be elected officials but having elected officials as three of the five board members would ensure it remains under the government oversight requirement. Under this proposal, members would serve by virtue of the office, providing consistency and longevity on the board (i.e., the Mayor would serve during that four-year term, Mayor Pro Tem would serve at least two years).

Council Member Taylor suggested that the board include a prominent business person as a conduit for fundraising. Mrs. Patterson suggested that this person serve on a fund-raising committee along with other community citizens, but not on the board. Mayor Mann suggested we include one at-large representative from the business community who could offer a unique perspective on fundraising. Mr. Gaskins suggested that the board also include the City’s Finance Director. Mrs. Patterson proposed that the City’s Finance Director serve as treasurer of the organization but not necessarily on the board. After discussion, Consensus was reached to include the following on the non-profit organizations board of directors: Mayor, two Council members, SAGA CEO, Lee County Arts Council president, City of Sanford Finance Director, and one at-large representative from the business community.

Regarding officers, Mrs. Patterson proposed that the Mayor serve, by virtue of office, as President; a City Council member serve as Vice-President; SAGA CEO serve as Secretary; and the City’s Chief Financial Officer serve as Treasurer. A suggestion was made to allow the board to elect any board member as Vice-President. Terms lengths were discussed and whether board members should be appointed annually or appointed for three-year terms as with other City boards. Mr. Taylor suggested that terms be staggered to achieve overlap and avoid complete turnover. Mrs. Patterson explained that an annual corporate meeting is typically held and board members and officers are selected at that meeting. She proposed that the board of directors be selected by City Council rather than the board and explained that a corporation normally has a self-perpetuating board that appoints board members. Consensus was reached for Council to select board members and Mrs. Patterson noted that staff will research whether this would be considered “excessive entanglement” and be revised. Council Member Gaskins noted that most board members serve through virtue of the office: Mayor, City CFO, SAGA CEO, and the Lee County Arts Council president, so the only appointments made by Council would be the at-large representative and which two Council members would serve. Mr. Taylor questioned whether the SAGA CEO should be allowed to designate an appointee but Mrs. Patterson confirmed that SAGA’s current CEO Michael Smith is willing to serve. Mrs. Patterson questioned whether to allow charter amendments only with Council approval or a two-thirds majority of the board (five of seven). Council Member Williams suggested it be subject to Council approval and Mayor Pro Tem Salmon suggested this issue be presented to Council if it is deemed to be deemed excessive entanglement.

Regarding by-laws, Mrs. Patterson proposed that the registered office of the corporation be the Municipal Center and the initial registered agent be the City Manager: this can be revised at any time through a filing with the Secretary of State Office. The Board of Directors would be composed of seven members selected by Sanford City Council annually and vacancies would be filled by Council. She has prepared paperwork with an annual meeting to be held at 6:00 p.m. on the second Thursday of July (since
board appointments are made before July 1, when terms typically begin). Officers would be the Mayor as President; any board member could be elected Vice-President; SAGA’s CEO would be Secretary; and the City’s Chief Finance Officer would be Treasurer. Regarding authority to borrow funds, Mrs. Patterson questioned whether Council wanted to allow the board to borrow funds or require a resolution by a majority of board members for loans in excess of $10,000. City Manager Hegwer noted that there may be situations when the board would need to seek a loan. She included a provision that by resolution, the board would determine who is authorized to sign checks and noted that City policy requires two signatures on checks. She reminded Council that she is still investigating the issue of entanglements and what would trigger purchasing and bidding rules to which the City is subject and Mr. Hegwer suggested that those entanglements also provide control and staff will proceed with forming the non-profit since it is needed for several purposes.

Other

Council Member Taylor reported that Representative John Sauls secured $50,000 in the state budget earmarked for Outreach Mission, Inc. (“OMI”). With an annual budget of $70,000 to $80,000, those funds will help OMI hire two new employees. He also reported that the Capital Bank building on Steele Street will be closing in September and suggested that we consider this property for downtown parking. He mentioned that he had observed and heard many reports of excessive speeding in the southbound lanes of US Highway #1 from Burns Drive to Tramway, where the speed limit goes from 70 mph to 45 mph and suggested we ask DOT to lower the 70 mph speed limit in that area. Mr. Hegwer confirmed that we would have to request DOT to analyze that corridor and accident data to determine whether a speed limit reduction is warranted. Mayor Mann agreed that we should consult DOT since this will likely fit into their plans for the Pendergrass Road project that will begin soon. Mr. Taylor reminded everyone that an S3 Housing Connect Task Force meeting will be held Thursday, July 11. He stated that he recently used the Lee Christian School trail where mulch from the City’s facility was used and it looked incredible. He noted that there are several new businesses in Sanford and suggested that the Joint Planning Commission address issues regarding retail signage such as the sign at the Dairy Bar and new Hickory and Vine location. A certain amount of signage is allocated for the entire building, which means that each store’s sign reduces the amount available to the others at that building.

Mayor Pro Tem Salmon suggested we have a conversation soon about cybersecurity, noting that she recently heard a story on National Public Radio about cities whose digital systems have been attacked by hackers. While some of our data is stored offsite, she questioned how storage and security are handled and whether the League of Municipalities insurance’ policy would cover ransom if we were hacked. Mr. Hegwer explained that he had spoken earlier in the day with the City’s Information Director on that very issue. Mayor Mann added that two large companies in Sanford had paid ransom for the return of stolen data and a major US lender had their entire platform hijacked and had to pay $2.5 million for its return, waiting three weeks for it to be returned in small portions as punishment for slow payment. The Town of Greenville has been attacked and Orange County has been hit three times. Mayor Mann suggested that staff not open attachments without confirming correspondence is legitimate since hackers often embed malware in emails. Mrs. Salmon noted that Baltimore paid an exorbitant price to have their entire system reworked after officials refused to pay ransom to the hackers. Mr. Hegwer confirmed that staff has taken many precautions but they may not be adequate to prevent a cyberattack.

City Attorney Susan Patterson informed Council that the local bill on annexation has been enrolled, passed its votes and is waiting for a session law number. She encouraged everyone to thank our delegates, Representative John Sauls (whose bill was passed) and Senator Jim Bergin. Mr. Gaskins
confirmed that he spoke with Sen. Bergin about it recently but no action had been taken on the sales tax/occupancy tax bill since May 21.

Mayor Mann commented that the recent trip to Atizipan, Mexico was very productive. A presentation of trip highlights will be made to Council soon and a follow-up meeting will be held (it was rescheduled due to a death in the family of the Committee Chair).

**Closed Session**
Council Member Gaskins made a motion to go into closed session in accordance with N.C.G.S. 143-318-11(a)(3) to discuss matters relating to the location or expansion of industries or other businesses in the area served by the public body; and (4) to preserve the attorney/client privilege. The motion was seconded by Council Member Williams and carried unanimously.

**Adjournment**
Council Member Buckels made the motion to adjourn the meeting; seconded by Council Member Taylor, the motion carried unanimously.

____________________________________
T. Chet Mann, Mayor

____________________________________
Bonnie Davis, City Clerk
MINUTES OF MEETING OF THE
CITY COUNCIL OF THE CITY OF SANFORD
SANFORD, NORTH CAROLINA

The City Council met at the Sanford Municipal Center, 225 E. Weatherspoon Street, on Tuesday, July 16, 2019, at 6 p.m., in Council Chambers. The following people were present:

Mayor T. Chet Mann
Council Member Byron Buckels
Council Member Jimmy Haire
Council Member Charles Taylor
City Manager Hal Hegwer
Deputy City Clerk Vicki Cannady

Mayor Pro Tem Rebecca Wyhof Salmon
Council Member Sam Gaskins
Council Member Norman Charles Post, III
Council Member James Williams
City Attorney Susan Patterson

Absent:
City Clerk Bonnie Davis

CALL TO ORDER
Mayor Mann called the meeting to order. Council Member Buckels led the invocation. The Pledge of Allegiance was recited.

PUBLIC COMMENT
There were no requests for public comment.

APPROVAL OF AGENDA
Mayor Mann requested that an item will be added to the agenda, under “New Business” as Item 11-B-1, to consider a Resolution Temporarily Closing Several Streets in Support of National Night Out.” Council Member Buckels made the motion to approve the agenda as amended. Seconded by Council Member Gaskins, the motion carried unanimously.

CONSENT AGENDA
City Council Meeting Minutes dated May 7, 2019 (filed in Minute Book 97)

City Council Work Session Meeting Minutes dated May 14, 2019 (filed in Minute Book 97)

City Council Meeting Minutes dated May 21, 2019 (filed in Minute Book 97)

City Council Meeting Minutes dated June 4, 2019 (filed in Minute Book 97)

City Council Work Session Meeting Minutes dated June 11, 2019 (filed in Minute Book 97)

City Council Meeting Minutes dated June 18, 2019 (filed in Minute Book 97)

Council Member Gaskins made the motion to approve the consent agenda. Seconded by Council Member Buckels, the motion carried unanimously.
SPECIAL AGENDA
Presentation by Crystal McIver Regarding Community Garden (Exhibit A)

Crystal McIver, founder of the Peace and Unity Community Garden, thanked Council for their support and provided an update of the garden’s progress. She explained that gardens beautify the community, connect people to the earth, reduce crime, increases social and economic impact and improves the air and soil quality. She thanked Brick Capital, Boys and Girls Club; YMCA, Lee County Schools, CUOC, Lee County Industries, Blazing Services and many churches for their past and present support. She thanked Council Member Byron Buckels for working with her and helping with the garden and City Manager Hal Hegwer for always being accessible and helping keep the grass mowed. She recognized Mother of the Garden (on Hudson Avenue), Ms. Alfreda Clegg, and she is the reason the project is sustainable. Ms. Clegg spoke, thanking Ms. McIver, Council and all those who helped with the garden as it has brought the community together. She stated that they have planted string beans, corns, broccoli, okra, squash, beets, and they have given crops to CUOC, Bread Basket, the elderly and the handicapped. They need to upgrade the garden, new plot borders, and new soil for the crops next year. A parking lot was added in 2018.

CASES FOR PUBLIC HEARING: held with the Planning Board.
This rezoning request is a follow-up to the annexation of the subject property on June 4. Application by Schoolhouse Sanford, LLC - to rezone one 22.98 + acre tract of land developed with Ascend Leadership Academy charter school addressed as 283 Harvey Faulk Road and two single-family homes addressed as 3930 /3934 NC 87 Hwy to Ascend Leadership Academy Conditional Zoning District, a site plan specific conditional zoning district. Currently, 12.89 acres is zoned Residential Agricultural Conditional Zoning District with a Conditional Use (RA-C), 1.34 acre is zoned Residential Restricted Conditional Zoning District (RR-C), and 8.75 acres is zoned Residential Restricted (RR). The subject property is identified as Tax Parcel 9661-22-8224-00 as depicted on Lee County Tax Map 9661.03 and illustrated as a 22.98-acre lot on a 2018 survey labeled Survey for (Owner) Schoolhouse Sanford, LLC and recorded at Plat Cabinet 2018, Slide 71 of the Lee County Register of Deeds Office (Exhibit B)

Amy McNeill, Zoning Administrator, explained that on June 4, Council approved a request by Schoolhouse Sanford, LLC, to annex 22.9 acres of land addressed as 283 Harvey Faulk Road and 3930/3934 NC Highway 87, which is currently developed with Ascend Leadership Academy and two single-family homes. The intention of the annexation was to connect the school to public sanitary sanitary sewer, (cost of extension will be borne by the school). When the land is annexed, the governing board must assign a zoning district per the NC General Statutes. Therefore, Council must assign a zoning district. Since the land is already developed in the manner preferred by the property owner, which is a school, the owner is requesting that the use and design of the school (building and site) remain as is, with the intention of the two houses in the rear being demolished/removed from the site in the future. The same site plans and architectural plans submitted for the prior rezoning of the site in 2018 to allow for development of the school when the land was in Lee County’s jurisdiction, have been submitted with this rezoning application to establish that the intent is for the design and use of the site to remain as is. The only change at this time would be the school’s proposed connection to public sanitary sewer. There are several different zoning districts on this property but the school would like for it to be rezoned to a site plan specific conditional zoning district, because they want to remain exactly as they are now. In the future, if they expand the school, they will come back to Council to update their site plan. A third public informational meeting was held on June 16 with two project representatives, two
Planning staff members, and no neighbors or other members of the public in attendance. The two prior meetings that were held was when the site was in the County before it was initially rezoned. Several neighbors attended at that time, but the design was altered to address their revisions and at this neighborhood meeting, there were no members of the public in attendance. Staff recommends that the Council support this request. In making this recommendation, staff finds that the rezoning proposal to Ascend Leadership Academy Conditional Zoning District appears to be consistent with the current development of the site and in keeping with the future Land Use Place Type for this site per the Plan SanLee Land Use Plan. The request appears to be reasonable and in the public interest based upon the location of the site between Harvey Faulk Road and NC 87 Highway.

Mayor Mann opened the public hearing.

Justin Smith, residing at 1102 Celandine Drive in Apex, North Carolina, spoke in favor of the rezoning request. He appeared earlier regarding the annexation request. Ascend is the only charter school in Lee County and with this rezoning, it will afford an opportunity for the campus to grow. This previous school year, they served 163 students from Lee and Harnett Counties. This upcoming school year, they will serve more than 180 students in Lee County and 80 from Harnett County. Their goal is to enhance educational landscape of the City and County. Being from Sanford, he has always wanted to give back to this community, as well as the Board of Directors and staff, and this is the opportunity.

Jim Way, residing at 10808 The Old Place, Raleigh, North Carolina, spoke in favor of the rezoning. Mr. Way, representing the property owner, are wishing for a favorable review.

With no other individuals speaking in favor or in opposition, Mayor Mann closed the public hearing.

Application by the Ruby and Ernest McSwain Worthy Lands Trust, for property owned by the Ruby Crumpler McSwain Estate and the Ruby C. McSwain Estate - to rezone two adjoining tracts of land from Heavy Industrial (HI) to Light Commercial & Office (C-1). Tract one is a 0.90-acre vacant tract of land addressed as 1200 S. Third Street. Tract two is a 2.40-acre tract of land addressed as 102 E. Rose Street and being a corner lot with frontage on E. Rose Street and S. Third Street. The subject property is identified as Tax Parcels 9652-06-9273-00 and 9652-06-7420-00 as depicted on Lee County Tax Maps 9652.09 and illustrated a Tracts 1 and 2 on a 2016 survey labeled Survey for Ruby and Ernest McSwain Worthy Land Trust and recorded at Plat Cabinet 2016, Slide 30 of the Lee County Register of Deeds Office (Exhibit C)

Planner I Thomas Mierish, explained that staff received a rezoning application from Lynn Blackmon, as the first step in the marketing or developing of two adjoining tracts of land in a commercial manner. The site is located at corner of East Rose Street and South Third Street with public water and sewer, and appears to be suitable for a light commercial and office type use, given a large amount of road frontage. He stated the surrounding zonings as listed on Exhibit C. The Plan SanLee Land Use Plan identifies the future land use place type for this tract of land as “Professional and Institutional Campus,” which has the following characteristics: (1) Accommodates large scale professional uses located at critical nodes or activity centers along major roadways; and (2) Development is organized in a campus style design and is well integrated
into surrounding development patterns. Staff recommends that the Council support this request. In making this recommendation, staff finds that the rezoning proposal from Heavy Industrial (HH) to Light Industrial (LI) and Office District (C-1) appears to be in keeping with the land uses described in the Plan SanLee Land Use Plan.

Mayor Mann opened the public hearing.

Lynn Blackmon, residing at 2308 Tramway Road, spoke in favor and he is seeking approval of this request.

With no one else requesting to speak in favor or in opposition, Mayor Mann closed the public hearing.

*The Planning Board retired to the West End Conference Room.*

Public Hearing on Forest Hills Sewer Petition (Exhibit D)

City Engineer Paul Weeks explained that this is one of the projects in the program Council set up to where the City pays 75 percent of the mainline cost and the tap if it goes in as part of construction. Staff was directed to proceed and the project was bid. Bids were opened on March 21 and the apparent low bidder came in 31 percent above the engineer’s estimate. Due to this cost, staff negotiated with the low bidder and were able to reduce it to 17 percent above our estimate. At that point, staff recalculated what the cost would be to the homeowners and contacted them. We have talked with all six homeowners and five of six support the project and the sixth one was in middle of the road and never contacted us. We still have a majority of the homeowners to go forward with the project. The cost to the homeowner would be $5,637.59 each and if they choose to finance it through the City, it would be $730.09 per payment. After contacting homeowners, we arranged for a public hearing through an ad in the local newspaper on July 3 and July 2; notices were mailed to all affected parties. Once the public hearing is closed, an award for the contractor to begin work is for Council’s consideration. All residents were contacted and were aware of the public hearing being held tonight.

Mayor Mann opened the public hearing. With no one requesting to speak, Mayor Mann closed the public hearing.

- Consider Award of Contract for Forest Hills Sewer Extension Project
  Council Member Taylor made a motion to award the Contract for the Forest Hills Sewer Extension Project to Step Construction; seconded by Council Member Gaskins, the motion carried unanimously.

**DECISIONS ON PUBLIC HEARINGS**

There were no decisions on public hearings.

**REGULAR AGENDA**

There were no items on the regular agenda.
NEW BUSINESS
Consider and Authorize Compliance Plan and Fair Housing Documents for the 2018 Community Development Block Grant Neighborhood Revitalization (CDBG-NR) Linden Avenue Project –

Community Development Manager Karen Kennedy introduced Monica Chevalier, with The Wooten Company, who is our consultant on this project. She will be presenting the information on the material. Ms. Chevalier explained that she worked with Mrs. Kennedy in the past on a couple of projects, then she worked with the Department of Commerce. There may be some typos but she can correct them and if it is content, she can bring back an amendment. We told the Department of Commerce we would submit the program manual analysis and impediments to them in July.

- Program Manual Summary Memorandum (Exhibit E)
  Monica Chevalier explained that the CDBG program manual is all the policies that might be needed during the life of the program. Some of them are not applicable to the Linden Avenue project such as the infrastructure hookup, but they want to make sure you have this information just in case.

- Program Manual and Resolution for Adoption (Exhibit F)
  Monica Chevalier explained that the first page of the resolution basically says these are all the different policies in the different program manual for adoption and throughout the life of the project; anything that does not require the mayor’s signature can be delegated to the City Manager Hal Hegwer, Planning Director Marshall Downey or Community Development Manager Karen Kennedy.

Ms. Chevalier explained in detail the documents listed on the program manual resolution as listed in Exhibit G.

Council Member Taylor made the motion to adopt the program manual and resolution for adoption with the ability to make small edits. Seconded by Council Member Buckels, the motion carried unanimously.

- City of Sanford Community Development Block Grant Programs Assessment of Fair Housing Resolution
  Monica Chevalier stated that the City has a Fair Housing Plan where the City has to do something every quarter to affirmatively further fair housing. There is a larger document that is the analysis of impediments to fair housing and there are pending regulation changes to change it to the Assessment of Fair Housing with more in-depth analysis and community participation. She wrote it so that if the City or the County wants to go for more just this one CDBG program, this document is good for five years for the City and the County and you will not have to do another one until five years from now. There is CDBG infrastructure through the Department of Environmental Quality; there is Neighborhood Revitalization through the Department of Commerce; there is Disaster Recovery; Economic Development and you have three different state agencies taking care of four different programs. Fair housing law is part of the Civil Rights of 1964. There are protected classes, seven of them federally-eight in North Carolina, so there is race, color, religion, national origins, sex, family status and
disability or handicap and in North Carolina there is also age. It is illegal to discriminate against a person in any of these classes for most of housing related such as advertising, terms, conditions, privileges, financing, services, access to facilities, for the sale or rental of housing. A big topic now is reasonable modification and reasonable accommodation. Modification is the structural change and accommodation is a change in a policy. There is a complaint procedure where you contact the Planning staff. Any complaints are forwarded to the North Carolina Human Relations Commission. She reached out to the Human Relations Commission and asked if there had been any complaints in Sanford or Lee County in the last two years. There were no complaints in 2017. There was one in 2018 related to refusal to allow for reasonable accommodation and that complaint is still under investigation. No information for 2019 as the year is not complete. She will forward this information to Council.

- **Analysis of Impediments/Assessment of Fair Housing**

  Ms. Chevalier stated this is the valuation of demographic data, census data and social economic data. In 2011 when Lee County had the scattered site project, that is the last time this document was updated; 80 percent of it was the same. The item that changed was the demographic data. Before, it was a snapshot but now she has 2010 and 2017 data. The City is proportionate compared to the county and the state and across all the demographic profiles, whether it is race, religion, disability, age, and gender. Sanford has a higher percent of African American persons and a higher percent of persons of Hispanic origin compared to the county and the state. After demographic data, there is identification of fair-housing issues. The City’s issues will be presented later in her summary and identification of smart goals in how to address impediments. The idea is, if you have a smart goal, you are going to try and complete it within the five years which this document is good for.

  The activities to meet these goals, is where the quarterly activity comes in. Another highlight was while the median household income is lower than compared to the county and state; Sanford had the largest growth compared to the state and county. Between 2010 and 2017, approximately 25 percent of homeowners pay more than 30 percent of their income on housing related costs and is not affordable. She sees this trend across state, and that is why this project is creating affordable housing. About 47 percent of renters in Sanford are living in non-affordable housing; the County is around 45 percent and the state around 49 percent. In 2011, the City’s barriers for fair housing were a lack of affordable housing stock, availability of rental units, and homeowner education services. There needs to be more outreach. Not much has changed, so they are going to expand community outreach; try to use website/social media to do outreach; hold more public meetings; and research and seek more funding opportunities for affordable housing. The City receives Urgent Repair Funds to aid in the rehabilitation of homes for residents who qualify. The City has a lot of partners such as the Sanford Housing Authority, Brick Capital, Lee County Enrichment Center, Social Services, the Johnston Lee Harnett Community Action Agency and the Homelessness Task Force. The Sanford Housing Authority is receiving $750,000 in grant funds from the Housing Finance Agency for the Linden Avenue project. Mayor Mann noted that the City is
going to have another meeting with DFI and can expect a formation of an urban revitalization area and committee to begin addressing some of the needs in these areas.

- **Fair Housing Resolution and Certification for Adoption** – (Exhibit G)
  Council Member Gaskins made a motion to approve the Fair Housing Resolution and Certification for Adoption; seconded by Council Member Buckels, the motion was unanimously approved.

Consider Resolution in Support of the Temporary Closure of Portions of Several Streets for the Purpose of a 5K and 10K Fun Run and Fundraiser - (Exhibit H)
  Transportation Administrator Phil Lawrence explained that this item is on behalf of CARA and it is their annual 5K and 10K fundraiser. The event is on Saturday, August 24, between the hours of 6 AM – 11 A.M. There is an error on the resolution as it should read it is CARA’s Eleventh event not the tenth. Attorney Patterson added there is also a typo on the date, which will need to be corrected.

  Council Member Byron Buckels made a motion to approve the Resolution in Support of the Temporary Closure of Portions of Several Streets for the Purpose of a 5K and 10K Fun Run and Fundraiser; seconded by Mayor Pro Tem Salmon, the motion was unanimously approved.

Consider Resolution Temporarily Closing Several Streets in Support of National Night Out (Exhibit I)
  Transportation Administrator Phil Lawrence explained that this is the City’s 25th Annual National Night Out. These closures are for August 6, 2019, from 5 P.M. to 9 P.M, depending on the locations.

  Mayor Mann noted that the August 6, 2019, Council meeting would be moved from 6:00 P.M. to 1:00 P.M., due to the National Night Out activities that night.

  Council Member Buckels made a motion to approve the Resolution Temporarily Closing Several Streets in Support of National Night Out; seconded by Mayor Pro Tem Salmon, the motion carried unanimously.

Consider Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2019-2020 – Police Department (Exhibit J)
  Management Analyst Holly Marosites explained that on June 5, 2019, one of our Police Department’s vehicles was wrecked and the insurance company deemed the vehicle a total loss. On June 26, 2019, we received a claim check for the incident and we need to move forward with the purchase of another vehicle, staff needs to appropriate from Fund Balance to the Police Department’s budget.

  Council Member Gaskins made a motion to approve the Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2019-2020 – Police Department; seconded by Mayor Pro Tem Salmon, the motion carried unanimously.
Consider Reimbursement Resolution – Fire Pumper (Exhibit K)

Management Analyst Holly Marosites explained that we included the purchase of a new fire pumper in this year’s budget. This purchase is intended to be financed via installment purchase proceeds. At this time, we have not financed the fire pumper but due to the length of time required to build the fire pumper, we need to do a purchase order for it. In order to do this, this resolution will enable us to reimburse ourselves once proceeds are received.

Council Member Gaskins made a motion to approve the Reimbursement Resolution – Fire Pumper; seconded by Council Member Taylor, the motion carried unanimously.

Consider Spruce Street Water Tank Tower Antenna Agreement (Exhibit L)

City Engineer Paul Weeks explained that staff was contacted by Lee County IT Director Kyle Edwards recently because he is looking a way to set up a redundant means of communication between the Sheriff’s Office and the Lee County Government Center. They have a fiber optic between the two buildings. Mr. Edward’s concern is that if that fiber optic line is broken for any reason, they would no longer be able to communicate. Therefore, Mr. Edwards would like to install equipment on the Spruce Street Water Tank so they can use a wireless means to communicate between those two buildings. This would be controlled by the County’s IT Department and only used by them, so it will not be public Wi-Fi. Staff discussed this matter with Mr. Edwards and came up with an antenna agreement which was agreeable to everybody. The City does not make any money on it as the agreement is for zero dollars per month. Lee County would be responsible for all costs associated with the installation and make sure it does not interfere with what we have on top of the tank. We indicated in the agreement that when we need to paint the water tank and once Lee County is notified, they have to have the equipment off the tank in 60 days and if they are not off in that time period, then we can take the equipment off.

Council Member Gaskins made a motion to approve the Spruce Street Water Tank Tower Antenna Agreement; seconded by Mayor Pro Tem Salmon, the motion carried unanimously.

Consider Waiver of Residency Requirement for the Opioid Commission (Exhibit M)

City Attorney Susan Patterson explained that in creating this new commission, there is a requirement that people serve as members of different entities, such as the Sheriff’s Office, Police Department, a Treatment Facility, the Medical Community and three at-large members. We have been asked by people, who do not live within the city limits, about applying for the commission. The normal requirement for boards and commissions is that you would have to be registered to vote in the city limits, which is by default a resident of the city limits. She needs to know if Council would want that requirement to apply to this commission.

Council Member Buckels stated that opioids are such a huge crisis and not just a central geographic area and felt Council should consider people in the county also to help with this matter. Mayor Pro Tem Salmon asked Mr. Post if he would like for the at-large applications to live within the City limits and with the particular positions/job, we waive that requirement.

Council Member Post made the motion to waive the residency requirement for the four specific positions (non at-large applicants) which are the Sheriff’s Office; Police Department;
Consider Initial Board of Directors for Friends of Sanford, Inc. (Exhibit N)

City Attorney Susan Patterson explained that Council has discussed creating a non-profit and in doing so, we will have to file Articles of Incorporation with the Secretary of State’s office to create it. There is an initial Board of Directors that needs to be appointed in order to fulfill the requirements to submit to the Secretary of State’s office. We need to appoint, if Council so desires, which Council members would serve, along with the mayor, and which citizens at large would be part of the appointments. We started initially having positions based on virtue of office so you would know specifically who those people would be.

Attorney Patterson stated this is not like your normal boards and commissions appointments. This is just appointing members to this board. Mayor Mann stated that there are many times we have projects that fall outside the purview of what the City can spend or receive money on. Yet there are a lot of people who would like to be involved with a project that would enhance or improve the City such as art projects, Downtown projects or quality-of-life projects. Currently, we have a Depot Committee to renovate and raise private funds to refurbish the Depot building for a Visitor’s Center and we can receive funds more easily with a tax deduction to the donor by having a non-profit. It is a very important board and there are a lot of people who want to have a way to give.

Mr. Haire asked if you are on this board do you have to call people and try to raise money or is the money been raised and you decide how to spend it? Mayor Mann replied that this would be the Board of Directors and they would not necessarily be tasked with fund raising. You could do solicitation but there would probably be a fund-raising committee under this Board of Directors. The Board of Directors would meet as needed or as often as it feels it needs to.

Mr. Haire volunteered to serve as a Board of Director. Mayor Mann moved to appoint Jimmy Haire as one of members of the Council on the Board of Directors. Council Member Post asked if we were to appoint the citizen at large now. Attorney Patterson stated that if they could appoint individuals tonight it would speed up with the filing paperwork.

With questions regarding the appointment of individuals to the Board of Directors, Mayor Mann felt Council was not ready to make the appointments. With that said, Mayor Pro Tem Salmon made the motion to table this matter. Seconded by Council Member Sam Gaskins, the motion carried unanimously.

Mayor Mann asked Council to please consider whom they would like to appoint in order to consider appointments at Council’s next meeting. He stated that he felt Council can appoint anyone they want but suggested to appoint someone that is very prominent to this community and bring dignity and respect to this appointment and the ability to seek and receive large donations. Someone with the right heart and right connections

OTHER BUSINESS
Council Member Taylor asked the community to keep Jeff Oldham and his wife, Leslie, in their prayers. Lee County Sheriff Sergeant Jeff Oldham was hurt in responding to an incident this past weekend. It is a stark reminder of what our first responders face each day.

Mayor Mann told Major Jamie Thomas that the Sheriff was very complimentary of the two Sanford Policemen that probably saved Mr. Oldham’s life. Everyone is glad they were on the scene.

Mr. Hegwer announced that National Night Out is Tuesday, August 6. The City Council meeting will be at 1 PM, in lieu of 6 PM, due to National Night Out activities.

Mayor Mann announced that this has been a very busy month and season with a lot of things going on. There is a lot of major economic development activity, so Sanford and Lee County is in the cross hairs of a lot of good things to happen.

CLOSED SESSION
Council Member Sam Gaskins made a motion to go into closed session in accordance with N.C.G.S. 143-318.11(a)(3) to discuss matters relating to the location or expansion of industries or other businesses in the area served by the public body and (4) to consult with an attorney employed to preserve the attorney-client privilege. Seconded by Council Member Post, the motion carried unanimously.

ADJOURNMENT
Council Member Gaskins made the motion to adjourn the meeting; seconded by Mayor Pro Tem Salmon, the motion carried unanimously.

ALL EXHIBITS CONTAINED HEREIN ARE HEREBY INCORPORATED BY REFERENCE AND MADE A PART OF THESE MINUTES.

Respectfully Submitted,

T. CHET MANN, MAYOR

ATTEST:

BONNIE DAVIS, CITY CLERK
MINUTES OF SPECIAL MEETING OF THE
CITY COUNCIL OF THE CITY OF SANFORD
SANFORD, NORTH CAROLINA

The City Council met at the Sanford Municipal Center, 225 E. Weatherspoon Street, on Tuesday, August 6, 2019, at 1:00 p.m., in Council Chambers. The following people were present:

Mayor T. Chet Mann
Council Member Byron Buckels
Council Member Jimmy Haire
Council Member James Williams
City Attorney Susan Patterson
Deputy City Clerk Vicki Cannady

Mayor Pro Tem Rebecca Wyhof Salmon
Council Member Sam Gaskins
Council Member Charles Taylor
City Manager Hal Hegwer
City Clerk Bonnie Davis

Absent:
Council Member Norman Charles Post, III

CALL TO ORDER
Mayor Mann called the meeting to order and noted that it was being held at 1:00 p.m. so that Council members and staff could attend National Night Out events being held tonight throughout the city (shown on attached Exhibit A). Council Member Taylor led the invocation. The Pledge of Allegiance was recited.

PUBLIC COMMENT (Exhibit B)
Kelli Laudate, newly named Director of Downtown Sanford, Inc. (“DSI”), read a letter from April Montgomery (attached as Exhibit C), a local resident and business owner, regarding concerns with street loitering and vagrancy near Yarborough’s Ice Cream shop and her business on McIver Street. Mrs. Laudate stated that the DSI board shared these same concerns which were discussed at their board meeting today and they hope to partner with the City to address these issues.

APPROVAL OF AGENDA
Mayor Mann requested a change in the agenda, to move Item 11-F under New Business, “Consider Presentation of Sewer Asset Inventory and Assessment Grant Results” and “Consider Resolution to Confirm Presentation of the Results of the Sanford Asset Inventory Assessment Grant” To Item 11-A under New Business. Council Member Gaskins made the motion to approve the agenda as amended; seconded by Mayor Pro Tem Salmon, the motion carried unanimously.

CONSENT AGENDA
Contract Between the City of Sanford and the Sanford Area Growth Alliance (Exhibit D)
Council Member Gaskins made the motion to approve the consent agenda. The motion was seconded by Council Member Buckels. Council Member Taylor reminded Council that they discussed plans for minority recruitment to reflect Sanford’s changing demographics. He complimented Michael Smith, SAGA’s CEO, on his work and urged SAGA to continue supporting plans to increase minority participation on the board and recruit more minority-owned businesses to create a more diverse environment for our diverse community. Mayor Mann called for a vote on the
motion to approve the agenda, which carried unanimously, and he echoed Mr. Taylor’s sentiments, noting that SAGA has worked hard this past year on that issue.

SPECIAL AGENDA
There were no items on the special agenda.

CASES FOR PUBLIC HEARING
There were no cases for public hearing.

DECISIONS ON PUBLIC HEARINGS
This rezoning request is a follow-up to the annexation of the subject property on June 4.
Application by Schoolhouse Sanford, LLC to rezone one 22.98 + acre tract of land developed with Ascend Leadership Academy charter school addressed as 283 Harvey Faulk Road and two single-family homes addressed as 3930/3934 NC 87 Highway to Ascend Leadership Academy Conditional Zoning District, a site plan specific conditional zoning district. Currently, 12.89 acres is zoned Residential Agricultural Conditional Zoning District with a Conditional Use (RA-C-CU), 1.34 acre is zoned Residential Restricted Conditional Zoning District (RR-C), and 8.75 acres is zoned Residential Restricted (RR). The subject property is identified as Tax Parcel 9661-22-8224-00 as depicted on Lee County Tax Map 9661.03 and illustrated as a 22.98-acre lot on a 2018 survey labeled Survey for (Owner) Schoolhouse Sanford, LLC and recorded at Plat Cabinet 2018, Slide 71 of the Lee County Register of Deeds Office (Exhibit E)

Community Development Director Marshall Downey informed Council that the Planning Board unanimously recommends that Council approve this rezoning request. He reminded them that this property was developed and rezoned to conditional zoning when it was located in the County but their intent was to access the City’s public sewer service. The property was annexed into the City limits in June 2019 and they are now requesting City rezoning to the same conditional zoning as presented to the County.

- **Vote to Approve a Statement on Long Range Plan Consistency as it Relates to this Rezoning Request**
  Mayor Pro Tem Salmon stated that the proposed design appears to comply with the Plan SanLee “Mixed Use Activity Area”, which is designed to facilitate development of large scale integrated mixed uses (such as the existing local businesses and the school) within close proximity to highway interchanges and major arterials (NC Highway 87 South/Harvey Faulk Road/Commerce Drive) and promotes mater planning with strong mobility linkages that are contextually integrated into surrounding development patterns; therefore, she made a motion that the request is consistent with the adopted long-range plan. The motion was seconded by Council Member Buckels and carried unanimously.

- **Consider Vote to Approve or Deny the Rezoning Request – Consider Adoption of Ordinance Amending the Official Zoning Map of the City of Sanford, North Carolina (Exhibit F)**
  Council Member Gaskins stated that the proposed zoning map amendment is reasonable and in the public interest because it is consistent with the current development of the site and the adopted land use plan; the site has access to public water and streets, is developed with a school that proposed to extend/connect to public sewer, and the site is located in a
busy area with new development between Harvey Faulk Road and NC Highway 87; therefore, he moved to approve the request to rezone a 22.98 ± acre tract of land addressed as 283 Harvey Faulk Road and 3930/3934 NC 87 Highway and identified as Lee County tax parcel 9661-22-8224-00 from Residential-Agricultural-Conditional Use (RA-C-CU), Residential Restricted-Conditional Zoning District (RR-C), and Residential Restricted (RR) to “Ascend Leadership Academy Conditional Zoning District”. The motion was seconded by Council Member Buckels and carried unanimously.

Application by Ruby and Ernest McSwain Worthy Lands Trust for property owned by the Ruby Crumpler McSwain Estate and the Ruby C. McSwain Estate to rezone two adjoining tracts of land from Heavy Industrial (HI) to Light Commercial & Office (C-1). Tract One is a 0.90-acre vacant tract of land addressed as 1200 S. Third Street. Tract Two is a 2.40-acre tract of land addressed as 102 E. Rose Street and a corner lot with frontage on E. Rose Street and S. Third Street. The subject property is identified as Tax Parcels 9652-06-9273-00 and 9652-06-7420-00 as depicted on Lee County Tax Maps 9652.09 and illustrated as Tracts 1 and 2 on a 2016 survey labeled “Survey for Ruby and Ernest McSwain Worthy Land Trust” and recorded at Plat Cabinet 2016, Slide 30 of the Lee County Register of Deeds Office (Exhibit G)

Community Development Director Marshall Downey explained that the Planning Board unanimously recommends that this property be approved as presented and noted that the request is being made to help market the property for commercial use.

- **Vote to Approve a Statement on Long Range Plan Consistency as it Relates to this Rezoning Request**
  Mayor Pro Tem Salmon stated that the proposed design appears to comply with the Plan SanLee “Professional and Institutional Campus” place type, which is designed to accommodate large scale professional uses located at critical nodes or activity centers along major roadways with development that is organized in a campus style design and is well integrated into surrounding development patterns; therefore, she made a motion that the request is consistent with the adopted long-range plan. The motion was seconded by Council Member Buckels and carried unanimously.

- **Consider Vote to Approve or Deny the Rezoning Request – Consider Adoption of Ordinance Amending the Official Zoning Map of the City of Sanford, North Carolina (Exhibit H)**
  Council Member Buckels stated that the proposed zoning map amendment is reasonable and in the public interest because the purpose of the C-1 zoning district is to accommodate well-designed development sites that provide excellent transportation access, make the most efficient use of existing infrastructure and provide for an orderly transition between uses on sites located on or within proximity to major and/or minor thoroughfares which appears to be a more appropriate for this site than the existing Heavy Industrial (HI) zoning; therefore, the made a motion to approve the request to rezone two adjoining tracts of land totaling 3.3 acres with frontage on E. Rose Street and S. Third Street, identified as tax parcels 9652-06-7420-00 and 9652-06-9273, from Heavy Industrial (HI) to Light Commercial & Office (C-1). The motion was seconded by Council Member Taylor and carried unanimously.
Mr. Downey introduced Rachel Picard, who will be serving in the new Planner I position. She previously served for several years as an intern on the S3 Housing Task Force project and with the zoning/planning team.

**REGULAR AGENDA**

There were no items on the regular agenda.

**NEW BUSINESS (Items for discussion and action will only be taken if necessary. Otherwise, these items will be placed on the next agenda for approval.)**

Ordinance to Erect Stop Signs Within the City of Sanford – Chapter 36, Traffic Code of Ordinances – Saunders Street and Pershing Street (Exhibit I)

   City Engineer Paul Weeks explained that this item is related to the W.B. Wicker School which will be opening soon. Staff spoke with a traffic consultant who indicated that stop signs were needed at the intersection of Saunders and Pershing Streets, which will become a two-way stop. He also spoke with Reid Cagle of the Lee County Schools Transportation Department, who agrees with this recommendation. If approved, staff hopes to erect the signs next week. He explained that the school already has a driveway at this location (the rear gate of the property, near the auditorium) with a stop sign but since the City has no authority over the school property, it is not shown on the map.

   Council Member Buckels made a motion to approve the Ordinance to Erect Stop Signs Within the City of Sanford – Chapter 36, Traffic Code of Ordinances – Saunders Street and Pershing Street. Seconded by Council Member Gaskins, the motion carried unanimously.

Ordinance to Erect Stop Signs Within the City of Sanford – Chapter 36, Traffic Code of Ordinances – Vance Street and Saunders Street (Exhibit J)

   City Engineer Paul Weeks explained that this item is also related to the W.B. Wicker School which will be opening soon. Staff spoke with a traffic consultant who indicated that stop signs were needed at the intersection of Saunders and Vance Streets, which will become a four-way stop. He has spoken with Reid Cagle of the Lee County Schools Transportation Department, who agrees with this recommendation. If approved, staff hopes to erect the signs next week.

   Mayor Pro Tem Salmon made a motion to approve the Ordinance to Erect Stop Signs Within the City of Sanford – Chapter 36, Traffic Code of Ordinance – Vance Street and Saunders Street. Seconded by Council Member Buckels, the motion carried unanimously.

Sewer Asset Inventory and Assessment Grant Results (Exhibit K)

   City Engineer Paul Weeks explained that in 2016, the City received a $150,000 grant from the State for an asset inventory and assessment to help identify problems and develop solutions. The City contributed $15,000 (a ten percent match) for a total project budget of $165,000. Mark Fisher with W.K. Dickson reminded Council that the City initiated a Wastewater Master Plan in 2014-2015 to examine the City’s sewer system, its capacity to handle growth and any issues causing capacity restrictions. The study indicated that our system is susceptible to chronic overflows in the Little Buffalo and Big Buffalo sewer basins. One of the steps, flow monitoring, provided much needed data for the model to analyze how our system responds to different rain events; pinpoint areas with high runoff, infiltration and inflow into the system; and help identify where we could spend a small amount of money to correct a major source of problems. They found that one of these areas was behind the
Industrial Park and various locations on the downtown periphery that were worthy if simple repairs to correct significant inflow infiltration problems. He explained the importance of looking not only at the one-, two-, five- and 100-year event categories but also to consider the probability of recurrence.

Through the study – specifically through flow monitoring data – Mr. Fisher explained that we learned that our problem was not the entire outfall but a shorter section, and this led to an estimate of $3.1 million to make needed improvements to the Little Buffalo basin, down $8.5 million from the original 2015 estimate of $11.5 million. By taking advantage of an annual rehabilitation contract already in place and completing some of these repairs ourselves, this work should be completed by the end of the current fiscal year. The grant also provided a more refined wastewater model that can be used not only to continue assessing our hydraulic efficiencies and capacities, but also to determine how we can handle developmental requests relating to sewer and what improvements could be tied to those requests. Regarding manholes, Mr. Fisher explained that improvements could involve elevating them, changing lids, venting rims to prevent water ponding, elevating manholes that are not located on a street, or correcting structural issues with cement, brick or mortar breaking down that allow water to intrude. He also explained that we have had the most overflow events during storms that are spread over several days with sudden bursts of sudden rainfall which totally saturate the ground. Council Member Haire pointed out that Hurricane Matthew produced double-digit precipitation on October 8, 2016, and Hurricane Florence produced three days of rainfall in September, 2018. Mayor Mann commented that he has recently installed a French drain on his property to prevent potential flooding. When an area experiences a great deal of rainfall – as we have in the past year – citizens may feel there is a problem with the system, but as the water tables rise, there is nowhere for the water to go. He noted that we had hoped to open the Kiwanis Family Park Splashpad at the beginning of the summer but because of the extensive rainfall in the fall, construction was delayed.

Council Member Gaskins questions whether the probability models should be revised due to greater swings in weather events recently and Council Member Taylor questioned where “microbursts” (storm that drop significant amounts of rainfall in a short period of time) fit into the models. Mr. Fisher explained that storm probabilities are still based on historical research. Mr. Gaskins suggested that the probabilities are changing and he would rather see current data if we are to prepare properly. Mayor Mann agreed that it appears we are in a new statistical era and requests that Mr. Fisher share any updated probability data or summaries.

Mr. Weeks explained that the resolution, if approved by Council, will be sent to the State to close the project.

- Resolution to Confirm Presentation of the Results of the Sanford Asset Inventory Assessment Grant (Exhibit L)
  Council Member Taylor made a motion to approve the Resolution to Confirm Presentation of the Results of the Sanford Asset Inventory Assessment Grant. Seconded by Mayor Pro Tem Salmon, the motion carried unanimously.

Award of Contract for Nash Street Sewer Extension Project (Exhibit M)
City Engineer Paul Weeks explained that bids on this project were opened on June 11 and the bid from Thomas Construction, the apparent low bidder, was lower than the engineer’s estimate. He
confirmed that staff has worked with Thomas Construction for many years, found their work to be acceptable and recommended that the contract be awarded to them in the amount of $39,762.50. He also noted that because the bid was lower than anticipated, the homeowners’ portion of the cost dropped from $6,160.50 to $4,595.31, a savings of more than $1,500. He explained that the lower bid may be because the project runs through a rear yard near a railroad track where there is very little for them to run into. He also noted that staff always likes to deal with local contractors on city projects.

Council Member Taylor made a motion to award the Contract for the Nash Street Sewer Extension project to Thomas Construction. Seconded by Council Member Gaskins, the motion carried unanimously.

Petition for Annexation Under G.S. 160A-31 by Jonathan Hart
Community Development Director Marshall Downey explained that staff received a petition for voluntary annexation for contiguous property from Jonathan Hart for property located just southwest of the corner of Snyder Street, off Lee Avenue as shown on the attached map, just south of the current city limits. Mr. Hart indicated to staff members that his intent is to access the City’s public sewer system for future development.

- Resolution Directing the Clerk to Investigate a Petition for Annexation Under G.S. 160A-31 (Exhibit N)
  Mayor Pro Tem Salmon made a motion to approve the Resolution Directing the Clerk to Investigate a Petition for Annexation Under G.S. 160A-31. Seconded by Council Member Buckels, the motion carried unanimously.

  Mr. Downey explained that information included in the Certificate of Sufficiency and Petition is reviewed by City staff and the legal department to confirm accuracy and if approved, the resolution sets the date for public hearing on the annexation, which has tentatively been scheduled for the next Council meeting (August 20, 2019) at 6:00 p.m.

- Certificate of Sufficiency for Voluntary Annexation (Exhibit O)
  Mayor Mann confirmed that the City Clerk had investigated the petition for annexation and accepted the certificate.

- Resolution Fixing Date of Public Hearing on Question of Annexation (Exhibit P)
  Council Member Gaskins made a motion to approve the Resolution Fixing the Date of Public Hearing on the Question of Annexation for August 20, 2019, at 6:00 p.m. Seconded by Mayor Pro Tem Salmon, the motion carried unanimously.

Award of Colon Road Water Tank Painting Project (Exhibit Q)
City Engineer Paul Weeks explained that bids for the Colon Road Water Tank painting project were opened on June 25, 2019, at 10:00 a.m. and three bidders attended. The apparent low bidder was Utility Service Co., Inc., with whom staff has worked several times and found their work to be satisfactory; therefore, staff recommends that Council award the contract to Utility Service Co., Inc., in the amount of $475,700. Mayor Pro Tem Salmon questioned how this expense would fit into the budget and Mr. Weeks confirmed that $600,000 had originally been budgeted, so the bid is well within the budget. Mr. Taylor questioned whether we should consider an ongoing maintenance
program for water tanks and distribute funds over several budget cycles rather than a large expense in one year. Mr. Weeks explained that after this tank is painted, we will be in a two- to four-year lull where no tank paint will be needed and that would be a good time to revisit this issue and analyze pros and cons. While the expense would remain unchanged, we would lose some flexibility since we might be contractually obligated rather than being able to use those funds for another project if we chose not to paint. Mr. Taylor suggested that an asset management project could reduce risk to staff members and include painting and inspection. Mr. Weeks explained that construction inspectors no longer to up to the tank: since it was done so infrequently, those lost the skills necessary to do it safely and someone else was hired to do that work. Public Works Director Victor Czar explained that staff performs most of the duties covered under an asset management plan and we have a plan by default. We routinely use Utility Service Co., Inc., Inc., and Scotty Wilkins (with whom Mr. Czar has worked during his entire 29-year tenure with the City) to inspect, clean and inspect the tanks because he typically submits the lowest bid and does a great job. Staff has used other contractors occasionally but they typically cannot compete with Mr. Wilkins’ prices. He agreed that using a management plan is practically guaranteeing them a payment and he likes having flexibility to choose when to paint. Mr. Haire spoke with Mr. Wilkins when the water tower near the Post Office was being painted and he had high praise for city staff, noting that they care for and maintain our equipment on a regular basis. He told Mr. Haire that he worked with another municipality whose staff waited too long to have their tank painted (perhaps due to staff turnover) and when the tank was drained, the metal was so corroded he was concerned that painting the interior would damage the tank. Mr. Czar confirmed that painting tanks is expensive but repairs are much more expensive. Careful plans are made to inspect and maintain the interior and exterior of the city’s six water tanks during their estimated 10- to 15-year life cycle to detect potential leaks in risers or other issues before they become major problems. Mr. Weeks confirmed the antennae is likely one of the City’s (they are often used to communicate with the water treatment facility) and that taking it down and putting a new one up is included in the contract.

Council Member Taylor made a motion to award the Colon Road Water Tank Painting Project to Utility Service Co., Inc. Seconded by Council Member Williams, the motion carried unanimously.

Consider Ordinance to Amend the Sanford Code of Ordinances to Add Chapter 4-21 Limiting the Number of Dogs and Cats (Exhibit R)

City Attorney Susan Patterson explained that a request was made for a new ordinance to limit the number of dogs and cats within the city limits. The proposed ordinance provides that no household can lawfully maintain more than eight total dogs and/or cats (in any combination) over four months of age (to permit litters of puppies and/or kittens). This section does not limit the right of any landlord to impose more restrictive limits on the number of pets at any leased premises and exempts animal hospitals, veterinarian services, animal shelters, and kennels/animal pet services, provided they are operating within a properly zoned area. If there are zoning categories with more restrictive limits on the number of pets that can be kept, the zoning ordinance would control.

Council Member Gaskins stated that he had several problems with the proposed ordinance: it creates problems for people who are fostering animals so they aren’t euthanized at the Lee County Shelter; we were charged an extra fee when the City had an agreement for animal control with the County because we had a standard different from the County; and this issue should be presented to
the Interlocal Committee. He suggested that the best way to address this issue is to work with the County Health Department to implement strict laws on spaying and neutering.

Council Member Gaskins made a motion to table this issue until staff communicated with Lee County to identify how to move forward. Mayor Pro Tem Salmon seconded the motion and noted that there were discussions about this after a recent fire in the Longwood Avenue neighborhood at a house where many animals were kept. She noted that there are several ordinances related to animals and sanitation, noise, and what constitutes a nuisance to neighbors but for some reason, they failed for seven years. She expressed unease with the proposed ordinance but agreed that action is needed, and suggested that it be addressed at a workshop to find a holistic approach. We should also talk with Code Enforcement staff and review details of our fine structure to determine how it could be strengthened to deter bad behavior. She noted that we are transitioning from a rural community to a more urban one but we have ordinances allowing urban archery deer hunting and chickens within the city limits to preserve elements of a more rural lifestyle and they are not nuisances to residents because they address potential conflicts. Several neighborhood residents with whom she spoke suggested regulations based on lot size (a specific number of square feet required per animal); fewer animals would be allowed in a smaller yard. She acknowledged that a single dog can keep residents up all night and a single neighbor who does not clean animal waste can create odor issues. She acknowledged that we will likely reduce the number of animals permitted but she wants to ensure that any laws enacted should be enforceable or determine what went wrong with existing laws, and encouraged a more robust conversation to examine the issue which should be addressed very soon.

Council Member Taylor thanked Code Enforcement and Animal Control staff and stated that Sergeant Gilstrap with Animal Control wants to help reduce the number of permitted animals today. He stated that 43 dogs were kept in a three-bedroom house in the Longwood Avenue neighborhood but acknowledged that they were being cared for and were well-fed. He suggested there was support from the community involved with fostering animals to prevent euthanasia. He agreed that many animals are being sent to the northeastern states but noted that when he previously brought up the spay/neuter issue, the Health Department gave a presentation that there was no basic issue. He noted that he is a vocal advocate of spaying and neutering animals and has suggested a partnership with CCCC’s Vet Tech program to provide this service at a low cost. He also stated that some communities penalize residents who do not have their animals spayed or neutered. He has recently been involved with the feral cat issue and has worked with Ms. Calcutt about potential solutions and suggested Council consider a presentation on that soon. He suggested this is a simple issue that should not be overcomplicated regarding a reasonable number of animals. Mr. Taylor also stated that animal rights’ activists who live in Ward 2 and those with whom he has spoken throughout the community support a maximum of eight dogs and/or cats and information from nearby areas indicated that five or six appears to be the typical number of animals allowed. He expressed support for landowner rights but added that people should be good neighbors and suggested that this ordinance could help people become good neighbors.

A vote was taken on the motion to table the Ordinance to Amend the Sanford Code of Ordinances to add Chapter 4-21 Limiting the Number of Dogs and Cats. Council Member Gaskins and Mayor Pro Tem Salmon voted in favor while Council Members Taylor, Williams, Haire and Buckels voted against; therefore, the motion to table failed.
Council Member Taylor made a motion to approve the Ordinance to Amend the Sanford Code of Ordinances to Add Chapter 4-21 Limiting the Number of Dogs and Cats. The motion was seconded by Council Member Williams. Council Member Gaskins again expressed concern that limiting the total number of pets to eight is too low for people who foster animals to protect them from being euthanized and keeping them until they are picked up by rescue groups, especially since they may already have animals in their household. Mayor Pro Tem Salmon questioned whether Mr. Gaskins had another specific number in mind and Mr. Gaskins suggested 15 but noted that when rescue shelters are full at certain times of the year, pets may be kept longer than normal.

Council Member Gaskins made a motion to amend the Ordinance to Amend the Sanford Code of Ordinances to Add Chapter 4-21 Limiting the Number of Dogs and Cats to 15, with all other provisions to remain unchanged. Mayor Pro Tem Salmon seconded the motion and questioned whether pets already at a residence would be “grandfathered” and noted there was a great deal of uncertainty. She stressed that she agreed that we should reduce the number of animals allowed at residence and does not want to be misconstrued as not supporting a reduction but expressed concern that the proposed ordinance leaves some unanswered questions. Mayor Mann called for a vote on the motion: Council Member Gaskins and Mayor Pro Tem Salmon voted in favor of the amended motion and Council Members Taylor, Williams, Haire and Buckels voted against the motion, which failed.

Mayor Mann then called for a vote on the original motion made by Council Member Taylor and seconded by Council Member Williams to Amend the Sanford Code of Ordinances to Add Chapter 4-21 Limiting the Number of Dogs and Cats to a total of no more than eight dogs and/or cats, in any combination, over the age of four months. Council Members Taylor, Williams, Haire and Buckels voted in favor and Council Member Gaskins and Mayor Pro Tem Salmon voted against; therefore, the motion carried.

Council Member Taylor expressed optimism that the County will align its policy with this ordinance. Mayor Mann reminded everyone that animal control services are covered through an interlocal agreement between the City and County and this item is on the agenda for the upcoming Interlocal Committee meeting scheduled for August 16.

City Attorney Susan Patterson made a point of order that any ordinance passed on the date of introduction with no prior discussion requires a two-thirds majority vote: with a vote of four to two, this ordinance does not meet that requirement. Council Member Haire noted that many regulations are “common sense” decisions and perhaps the number of animals allowed should also be a logical decision. He noted that cats don’t bark and wake neighbors and can be kept without bothering neighbors. Council Member Williams questioned whether a license is required to shelter rescue animals. Mrs. Patterson explained that prior to the passage of the subject ordinance, a permit could be acquired from the County Animal Shelter allowing 30 animals but Officer Gilstrap with Animal Control told her that no one had ever applied for one. She explained that the City has the authority to require an animal license but has not exercised that authority and confirmed that the new ordinance limiting the total number of cats and dogs to no more than eight would preempt the license and take effect immediately. She confirmed that she discussed this issue with Sergeant Gilstrap and he expressed no concern with additional enforcement issues.
Appointment to Fill Vacancy on the Americans with Disabilities Act Compliance Committee (term expires June 30, 2022) – (Exhibit S)

Mayor Pro Tem Salmon made a motion to appoint Cora McIver to the Americans with Disabilities Act Compliance Committee for a term expiring June 30, 2022; seconded by Council Member Buckels, the motion carried unanimously.

OTHER BUSINESS

Mayor Pro Tem Salmon reiterated that she was pleased that an ordinance was passed to address concerns of Longwood Drive residents but hopes that more robust conversations can be held to discuss enforcement and stressed the importance of enforcing laws that are on the books.

Regarding Animal Control, Council Member Haire recounted an incident from his time with The Sanford Herald. He researched incident reports at the Sheriff’s Department and saw that a Colon Road resident was bitten on the hand by a gorilla he had caged in his back yard.

Council Member Gaskins stated that he attended the Downtown Sanford board meeting and problems with vagrants at Depot Park, unfriendly dogs, drug dealing and aggressive panhandling were discussed. He suggested that a food give-away be moved to the Bread Basket or the Bread of Life Ministries. He explained that it appears to be a new problem in the downtown area with a group other than those associated with the Out4each Mission. Downtown business representatives are quite concerned and he suggested there will likely be more problems in the future and Council should act. He acknowledged that the police are limited on what can be done unless the law is being broken. He noted that the Depot Building capital campaign will begin soon and we should not have to worry about having an undesirable area near the park where families visit.

Council Member Williams encouraged everyone to participate in National Night Out activities being held throughout the city.

Council Member Taylor expressed condolences to the family of Eddy Ray Thomas who was a fixture in the Jonesboro community, as well as being involved with events of the VFW, Moose Lodge, Lee County Fair (the tobacco exhibit was his brainchild). Mr. Taylor reported that he spoke recently with the owner of the Anytime Fitness gym that will be coming to Sanford soon. He requested that “retail snapshot” updates showing permit applications be reinstated and information shared at least once a quarter to inform Council of new retail projects. He also reminded Council that he had spoken recently about the feral cat situation, which can be a problem at distressed properties and requested that it be included on an upcoming workshop agenda.

Mayor Mann encouraged everyone to pray for the cities where recent mass shootings took place and urged everyone to stay vigilant, careful and cautious. We may have disagreements on issues but we come together to work through them and show that hate and violence will not be tolerated. He agreed that Eddy Ray Thomas was an average citizen who did extraordinary things and noted that Jackie Pearce, the City’s first female Council member, passed away this week. Revitalization efforts continue with a new microbrew put (Wild Dog Brewery) coming to North Steele Street. He invited Council members to join the current session of Citizens Academy, which is in its fifth week with 17 students. Regarding Mr. Taylor’s request for retail updates, he noted that the County Manager gets an update on the Technical Review Committee’s agenda and questioned how that information can be
shared with Council. Community Development Director Marshall Downey explained that the TRC compiles a detailed packet with information (contacts, elevations, civil and site plans, etc.) on commercial and multi-family projects that are reviewed monthly with staff from the Public Works and Fire Departments, along with local agencies and DOT. There are typically five or six projects monthly, up from one or two several years ago. He agreed to send the same information being sent to the County Commissioners to the City Manager, who will pass it along to Council. He stressed that the TRC reviews information and does not approve it. He also noted that developers may not be ready to move forward on the projects included in the review and precise detailed names are often not included until projects are finalized and confirmed.

**ADJOURNMENT**

Council Member Buckels made the motion to adjourn the meeting; seconded by Council Member Taylor, the motion carried unanimously.

**ALL EXHIBITS CONTAINED HEREIN ARE HEREBY INCORPORATED BY REFERENCE AND MADE A PART OF THESE MINUTES.**

Respectfully Submitted,

________________________

T. CHET MANN, MAYOR

ATTEST:

________________________

BONNIE DAVIS, CITY CLERK
The City Council held a work session on Tuesday, August 13, 2019, at 6:00 p.m. in the West End Conference Room at City Hall. The following people were present:

Mayor Chet Mann                       Pro Tem Rebecca Wyhof Salmon
Council Member Byron Buckels          Council Member Jimmy Haire
Council Member Sam Gaskins            Council Member Norman Charles Post, III
Council Member Charles Taylor         Council Member James Williams
City Manager Hal Hegwer               City Attorney Susan Patterson
Management Analyst Holly Marosites    Deputy City Clerk Vicki Cannady

Absent:
City Clerk Bonnie Davis

Mayor Mann called the work session to order.

Consider Presentation by Blue Cross Blue Shield (Exhibits A and B)

Human Resources Director Christy Pickens explained that Council has expressed interest in researching how the City can reduce health care costs while continuing to maintain the current service level and improve health and well-being of employees (including programs to address diabetes, weight and hypertension). A representative with Southern Benefit Systems recently made a presentation to Council about services they could provide, so staff wanted to allow Blue Cross Blue Shield (“BCBS”), our current health insurance provider, an opportunity to respond and share information on their programs. Mark Brower, with Mark III Employee Benefits, stated that the City hasn’t seen an increase in claims on a per employee per month (“PEPM”) basis since 2016-2017, due in part to BCBS discounts and wellness initiatives offered by the City. Having no benefit changes since 2017-2018 keeps the City competitive with other governmental entities and provides good protection for employees. He explained that the plan is opened for bids on a regular basis and was last bid in 2018-2019, at which time BCBS was the clear winner. He also noted there was a 46 percent reduction in BCBS administrative costs over the last three years, from $40.22 PEPM to $21.91 for the current fiscal year, which saved the City about $85,000 annually. He also noted that BCBS is a quality network with the best in class provider discounts and an integrated pharmacy network that delivers competitive pricing and excellent net cost value basis.

Mr. Brower reviewed some of the top employee health care issues and programs, including weight management, hypertension and diabetes. There has been a great response from employees on the diabetes program that offers meetings with a pharmacist, education, coaching, guidance and the opportunity to receive medications at no cost. The program had positive results in the last year: non-participant costs increased and participant costs decreased. A survey of participants revealed that 100 percent would recommend the program. The cardiovascular program will be implemented this fiscal year with data analytics and an employee engagement strategy. He explained that BCBS will review transparent pricing going forward and noted that the City currently receives discounts and rebates from BCBS through reduced administrative costs.
Steve Crist, Vice-President of BCBS, stated that BCBS was one of only four insurance carriers to provide Medicaid privately to the state and was the only health plan to serve all 100 counties in NC under the Affordable Care Act. He explained that the City’s rate of inflation for pharmacy from the 2017-2018 plan year to 2018-2019 was down ten percent and 99.1 percent of the City’s claims are from BCBS providers. The discount earned on behalf of that utilization is 53 percent (on a $100 physician bill charge, BCBS pays $47 on the City’s behalf), which suggests that BCBS’s power, leverage and scale benefits the City. In the last two years, the City’s rate of inflation for our total plan was four percent compared to a peer (municipalities/county government) average of ten percent. He reviewed statistics on BCBS, including the fact that 107 million (one in three) Americans carry a BCBS card. He acknowledged there is an affordability problem for many and one way to address that is through “value-based care” or “value-based reimbursement.” They are now going to major health systems (since eight health systems in NC drive 81 percent of the spending) to negotiate new “Blue Premier” arrangements. He explained that 50 percent of all care rendered in NC actually comes from independent primary care providers not affiliated with a system and BCBS wants to promote this and bring more to the state. There are businesses across the country that establish advanced primary care clinics in regions across the state and BCBS is welcoming them to compete with some major health systems. He also acknowledged that we struggle with behavioral health care in the country and one reason is that not all primary care physicians know where to source that care, so BCBS is helping to provide that information.

Mr. Crist explained that BCBS is trying to combat the compounding effect of medical inflation and manage the overall growth rate and achieve affordability. One of their programs stresses the basic concept of comparison price shopping, “Smart Shopper” (the City does not currently have this program but Mr. Brower will provide pricing). There are 93 shoppable services that can be researched online at Blue Connect or by calling BCBS. They will provide alternatives for the lowest cost, offering the best options for those procedures, and providers are generally located within a 15 to 30 mile radius of the City. If one of those reward-eligible locations is selected, the client receives a check. The average incentive is $81 and the average cost savings per procedure is $630 (a seven-to-one return on investment). He confirmed that these providers are selected based only on price, but the algorithm also includes quality.

Dr. Estay Green explained that there has been a decrease in the City’s pharmacy expenses. The main driver in the past few years has been the increased number of hepatitis medications which reduce costs. New cancer therapies are also available to treat the disease after it mutates from one drug. BCBS has policies to ensure that members use a lower-cost option and generics are available on several drugs that have been out for some time. Pharmacy spending for diabetes has decreased, which indicates the management program is being successful. Another driver has been expensive weight loss medications, so they ensure that patients have tried lower cost alternatives; if they use the more expensive product, they follow up to confirm the patients actually experience weight loss on the product. Another option for formulary savings, Net Results, examines drug costs more thoroughly: the formulary drives members to the less expensive option; however, if we don’t want to use that type of restrictive formulary, the “Rx Savings Solution” program can notify members immediately that there is a less expensive option. Their “Specialty Copay Solutions” doesn’t impact members but can easily be elected with most plans to maximize pharmaceutical coupons in co-pay reimbursements. It is designed mainly around HSA or high-deductible plans to ensure that members stay on medications with high co-pay or high-deductibles.
Mr. Crist confirmed that rebates BCBS receives from brand name drug manufacturers are applied to our fixed costs, otherwise we could wait up to 18 months for rebate checks from the manufacturer. Since BCBS knows the check is coming to them (every 180 days on average), they discount our administrative fee. He also confirmed that he and his team have discussed options and innovations with Mark Brower and his team, along with Mrs. Pickens and Mr. Hegwer, and thanked the City for our business. Mayor Mann noted that the numbers indicate that we have been pro-active on our health insurance plan and Mr. Crist agreed.

Mayor Mann questioned whether the key to engaging employees to find lower-cost providers is through the Smart Shopper program described earlier. Mr. Crist suggested that the heart of this issue is encouraging good habits that will pay dividends in the future and suggested that the program is straight-forward, simple to use and easily accessed. He urged us to consider building a campaign around this new voluntary program and adding it to other programs already in place. Mrs. Pickens commented that we already have employees who do cost comparison research through the BCBS website, noting that members who have health savings accounts already do this because they pay out of pocket up to their deductible, while members with PPO plans are likely accustomed to making only a co-pay and taking doctors’ recommendations without additional research. Mr. Crist explained that the 93 procedures are all considered discretionary (such as orthopedic surgery, physical therapy visits) and there is adequate time for research. Mrs. Pickens explained that information on programs is shared with staff through emails and the employee newsletter but unfortunately not everyone reads them. She suggested a mandatory educational session could be used to communicate the value of these programs.

Council Member Taylor asked about a recommendation by Southern Benefit Systems to require that employees whose spouses were eligible for their own policies be removed from the City’s plan. Mr. Brower stated that they have examined spousal costs and this is not an issue for the City because we don’t heavily subsidize dependent coverage.

Recess
A brief recess was taken at 6:50 p.m. and the meeting was re-convened at 7:00 p.m.

Consider Lease Agreement with City for Location of Waste Receptacles on City Property Behind the Temple Theatre (Exhibit C)

Management Analyst Holly Marosites reminded Council that there have been discussions about purchasing property to expand the public parking lot on North Steele Street (shown on the attached Exhibit C). The City purchased Lot 5 from Global House, which also owns the Capital Bank building on Steele Street. Three dumpsters are located on this property and are used by Capital Bank, the Temple Theatre and the Makepeace Apartments. Ms. Marosites confirmed that she has spoken with representatives from Capital Bank and they will be closing that location in September, after which time dumpster service will be discontinued. She also spoke with a Temple Theatre representative who informed her that the waste removal company requested they place their dumpster at that location so their truck could easily access it. While there has been no formal agreement between the businesses and the previous owner, staff recommends that we obtain a formal agreement or lease. A new brewery, Wild Dogs Brewing, will be locating to 136 and 138 N. Steele Street (shown by the gold star on the attached map) and they have not identified a location for their dumpster. She questioned whether Council would be comfortable allowing them to locate their dumpster in this same area. Mr. Hegwer recommended that we allow this and continue to be business-friendly since there
appears to be no harm with allowing this public use. There will likely be some type of enclosure for dumpsters in this area ultimately and we can explore further options on what we might do with that property. He suggested we formalize an arrangement with these businesses and requested feedback from Council.

Mayor Pro Tem Salmon stated that she saw no short-term issue but noted it will take several parking spaces. Since other businesses will also need space for their dumpsters, we should make long-term plans but this is a stop-gap solution and is fine for now. Ms. Marosites agreed to communicate this when speaking with property owners. Staff will keep them informed as we make alterations to the parking lot in the future, at which time another solution will have to be developed. Mr. Hegwer suggested a one-year lease, after which time we should analyze the issue.

As to whether or not whether this space will be converted or remain open, Mr. Hegwer explained that we shouldn’t spend money on improvements only to have it demolished. He noted there is a retaining wall that will likely be removed and we could improve access to this area from the existing parking lot behind the Kelly School of Dance but without direction and ownership, it doesn’t make sense to move forward now. Mayor Mann commented that we are working to acquire property to improve the area and drainage, as was done at the Chatham Street parking lot after the old rescue squad building was demolished and the area reconfigured for the Buggy Building parking lot. Council Member Taylor questioned whether there may be a similar issue with dumpsters at City parking lot near the Board of Elections. Mayor Pro Tem Salmon commented that if we are purchasing property to create and expand parking, we can’t prioritize the conversion of parking spaces to dumpster spaces. Council Member Post suggested we allow the dumpsters as previously discussed for the short term. Mayor Mann agreed that we could allow them in places where they won’t take up much space and construct a wooden corral around them, similar to the setup near his office on Chatham Street. Mr. Hegwer suggested we solicit help from these businesses since it appears this is the beginning of investment on that end of North Steele Street. Mayor Mann suggested that all of the business owners would gain tremendously by having a public parking lot near their properties and instructed Ms. Marosites to proceed with a one-year agreement with the three owners mentioned above, including the new brewery. Mr. Hegwer confirmed that the planning department has spoken with the new brewery about dumpster locations.

Consider Discussion of Compensation for Inspections Personnel

City Manager Hal Hegwer explained that he met with Lee County Manager Dr. John Crumpton recently to discuss the Inspections Department, whose expenses are shared equally between the City and County. Building activity has increased and with the potential for several large industrial, commercial, and/or residential projects to locate here, there is concern as to whether we have adequate staffing since we are barely managing the current case load. He stressed that we should do everything possible to retain our existing staff and hire additional staff. When researching new hires, staff found they earn substantially more than current employees, so there is significant salary compression which creates problems with recruiting and retaining employees. Mr. Hegwer recommended substantial changes to the salary structure and recruitment and noted that having no merit or reward system contributes to the compression issue. He recommended: (1) updating our current compensation schedule to promote retention of current staff by changing our career development program so they would receive adjustments as they progress through the trades and Levels 1, 2 and 3 (comparable to many other surrounding areas); (2) allowing overtime with compensation (which we have not done previously); (3) revising the current schedule for Level 2 for
which we have a vacancy and doing a more aggressive search for a Level 3 Building Inspector (we have only one full-time Level 3 to inspect large commercial and industrial projects); and (4) retaining our existing staff: it is difficult to hire new employees at salaries that are higher than those who have here for 15 to 20 years. He confirmed that Dr. Crumpton has agreed to these proposals and revenue is available. He also noted that while we have tried to use a part-time employee, we are limited since retirees can only work 1,000 hours annually. He also acknowledged that we will be cautious not to over-hire, in case the economy slows.

Financial Services Director Beth Kelly reminded Council that legislation changed in 2015 to require that any Inspection Department revenue in excess of expenses must be earmarked or restricted only for inspection or permitting type expenses. Staff asked state officials whether we could be credited for losses from five years prior to that when expenses exceeded revenue but were told that was not an option because of the way the statute was written. As of June 30, there was about $100,000 in restricted cash available which was not included in the budget. Because expenses in this department are not equal for the County and City (County pays City rent for the Buggy Building based on their staff, not our staff), we would confirm what portion of these funds belongs to the City and how much to the County. Mr. Hegwer stressed that we don’t want anything to slow development: we want to ensure that it moves freely. He informed Council that a large company even asked an employee what was needed in that department and offered to pay for additional staff to ensure that their project moves forward. Human Resources Director Christy Pickens explained that the most recent salary study was done in 2015. Mr. Taylor stated that there is a difference of about $20,000 in Level 2 Inspector salary between Raleigh and Sanford and four people from Sanford work for the Cary Public Works Department, with one in Inspections. He also noted that we have also had a similar problem for the past several years hiring an engineer due to salary and Mr. Hegwer suggested that the economy has caused these problems, as well as in other personnel positions.

Consider Update on Cyber Security

City Manager Hal Hegwer explained that Mayor Pro Tem Salmon requested this item be addressed. A great deal of research and analysis has been done on the risk assessment side to determine our risks regarding cyber security. While staff has a level of comfort, they feel that additional insurance is needed since there are significant consequences if that data is breached. The City currently has $100,000 aggregate coverage through the League of Municipalities but Mr. Hegwer recommended that be increased significantly to $2,000,000 aggregate, for an annual premium increase of about $14,200. Regardless of how much screening is done, a breach could create a significant problem very quickly and $100,000 coverage would not be adequate to cover the damage. Council Member Gaskins noted that other companies and governmental agencies have had problems with shutdowns and ransom requests. Mr. Hegwer confirmed that data is backed up offsite daily, significant time and resources have been invested in multiple layers of security, and an outside consultant has worked with us on security. Mayor Mann requested that staff always verify emails and attachments are valid before opening and noted there have been many breaches in the mortgage business.

Consider Sponsorship Request from EDPNC (Exhibit D)

Mayor Mann informed Council that the Economic Development Partnership of North Carolina (“EDPNC”) has selected Sanford to host their statewide regional urban city/county conference on October 8 and 9. Several hundred people, along with Governor Roy Cooper, will be at the Civic Center for two days representing people who do business with the State Commerce
Department and make recommendations on where businesses should locate, so it is a great opportunity to showcase Sanford and make a good impression. SAGA, the TDA and DSI are working together to prepare and provide opportunities for these visitors to see attractions in Sanford and coordinate transportation. There are several levels of sponsorship: the lead level is $20,000, with top billing for the event and all associated advertising. SAGA has requested that the City, County, TDA and SAGA each contribute $5,000. Consensus was reached to contribute $5,000 toward the $20,000 sponsorship. Mr. Williams commented that Sanford is the talk of the state and we should put our best foot forward for this event. Mayor Mann agreed and noted that they approached us not only because of our central location but because of all of the activity in Sanford. Mr. Hegwer commented that these EDPNC members and staff are the people we engage when potential projects come to us and we interact with them very heavily. They generate leads and having them here would be extremely valuable. They know when they bring a project here, we will do everything possible to make it work and it is vital exposure for our community. Mayor Mann stressed the importance of them selecting us and noted that we did not solicit them. Committing to be lead sponsor will send a strong message that we are engaged.

Other Business

Mr. Taylor stated that he was driving downtown recently and saw a vehicle stranded on the railroad track on Weatherspoon Street between 9:00 and 10:00 p.m., when the train typically runs. He called the police department and officers removed the vehicle from the track. He stressed the importance of communicating with law enforcement and noted that the Police Department has excellent communication with the train company and fortunately, it was not running that night. He also noted that the recent shootings in the city were very disconcerting.

City Manager Hegwer stated that work on the splash pad is wrapping up and the walking trail and shelter are scheduled to open to the public on August 21. A “soft opening” and ribbon cutting are planned but no dates have been set.

Regarding repairs to the bridge on Weatherspoon Street, Ms. Marosites explained that DOT confirmed that repairs should be completed this week.

Closed Session

Mayor Pro Tem Salmon made a motion to go into closed session in accordance with NCGS 143-318.11(a)(5), to instruct public body staff on the negotiating price or other material terms of a contract or proposed contract for the acquisition of real property; and (6) for the personnel exception. The motion was seconded by Council Member Gaskins and carried unanimously.

Adjournment

Council Member Gaskins made the motion to adjourn. Seconded by Mayor Pro Tem Salmon, the motion carried unanimously.

__________________________
T. Chet Mann, Mayor

Bonnie Davis, City Clerk
Kiwanis Park Update – (Exhibit A)

Mayor Mann stated that the Kiwanis Park is a great collaboration between the City of Sanford and Lee County. Parks Administrator Don Reuter gave an update on the Kiwanis Family Park renovations and acknowledged that the target date to open the park is the end of August. The playground is truly special since it will bring kids of varying capacities together. The playground is a point of civic pride (branding and promotion) and it is a nice introduction to the City. He presented a slide presentation showing the diagram of the park and the equipment to be installed. There are two sets of restrooms; one replacing the old restroom in the center and a new one that will serve the splashpad which has a shower. The park will be opened year-round with the exception of the splash pad. Presently, the splashpad is being tested and a permit was obtained yesterday for electricity. The splashpad is not a place where individuals stay all day; it is typically used for an hour or two as kids will get tired. The hours of operation are 10 AM to 7 PM, Monday through Friday, beginning Memorial Day and running two weeks after Labor Day. After Labor Day this year, plans are to keep it open during the week from 3 PM to 7 PM and all day on Saturday and Sunday. The initial plan is to do this for two weeks and if the weather stays warm and Council decides to do it, staff will figure out a way to keep it open longer to go further along in the season. The main focus on parks are the
Kiwanis Park and Depot Park. He displayed pictures of various pocket parks the City created for the community. We have a staff of two employees now and plans are to hire two more full-time employees for a total staff of four employees for the Kiwanis Park and Depot Park. Parks are as important as roads, infrastructure and schools and we should find ways to link them through greenways and open space to new and existing communities, making them walkable/bikeable, etc. to move forward. Our goal is to make Sanford and Lee County an attractive place to live and we want to encourage our families and kids to use the parks. Mayor Mann issued a “Splashpad Challenge” to someone to assist him in standing under the bucket for opening day.

**Homelessness**

Community Development Manager Karen Kennedy gave an update on the homelessness initiative. She explained that S3 Housing Connect is going through some internal changes and they are about 2.5 years into this process. We found it is time to redo the bylaws; redo the structure of voting and non-voting members and hold a strategic planning session with Stan Holt, a consultant the City has hired to work with this initiative. This project has a lot of wins with the extreme weather shelter, the point-in-time count, an enhanced 211 system, the Outreach Mission becoming a low-barrier shelter and non-profit board development with our consultant. There are so many positives with this initiative and we do not want to lose sight of how wonderful this endeavor has been. Our next project need is to secure a day facility. S3 Housing Connect meets the second Thursday of each month. She invited everyone to join them at their strategic planning session on September 12. Sherry Shudra, the new chair and Tamara Brogan (the vice chair) have taken over as leadership for S3 Housing Connect. Mrs. Kennedy informed the committee members that 211 is a phone system, which has been in place across North Carolina and Lee County but will now have more localized resource information. The project lead has been Kendra Martin with United Way. When you call 211, the people have been trained to assist people with resources available in Lee County - not only with homelessness, but with other issues as well. There is an individual that will speak with them directly and point them in the right direction. Charlotte/Mecklenburg County is the other local area with this enhanced system.

Mayor Mann, Council Members Charles Taylor and Byron Buckels helped birth this project, and taking Outreach Mission Inc. (OMI) from a high-barrier shelter to a low-barrier shelter has been a great opportunity. If our community is going to be successful with our homelessness initiative, we need a day shelter. Right now, they use the library, Depot Park and other places. When shelters tell you to leave in the morning, they need somewhere to go. With the new Downtown Sanford director, there is going to be a coordinated effort to readdress this issue. On September 26, our consultant is conducting a non-profit board training free for local non-profits involved in the S3 initiative. On Friday, September 13, at the Lee County Fairgrounds is the cow patty fundraiser; $25 for a ticket. In addition, there is a fundraiser in November at the Temple Theatre where Terry Allebaugh’s band – The Merry Gadflies - is performing. There are heavy discussions internally with the S3 committees about S3 Housing Connect becoming a non-profit for accepting donations; another option is to tag with the non-profit the City is creating. Representative John Sauls gave a general allocation last year and there is one proposed for this year’s initiative also.

**Potential Changes to the Animal Control Ordinance**

Attorney Patterson stated that the City has passed its first reading of an ordinance to limit the number of animals that would be allowed within the city limits. The number suggested was eight which includes cats and dogs, or a total of each. We will take a final vote on taken August 20. Mayor Mann just wanted to inform the County of this proposed ordinance. There was an unfortunate fire
that opened up this issue. Attorney Patterson ran the draft ordinance by County Attorney Whitney Parrish and Sergeant Kenneth Gilstrap. County Manager John Crumpton suggested meeting with Sheriff Tracy Carter as his department is responsible for animal control. The ordinance does not address the fostering of animals in the ordinance. Amy Dalrymple noted that we see where neighbors are hoarding the animals and she expressed that we need to consider individuals who do foster animals, whether it is rescue or foster. She would hate to put something in an ordinance to prohibit the number of animals for individuals who can foster them. Mr. Crumpton noted that commissioners have not taken interest for this in the county. We are dealing with issues for Feral cats, and do not know what issues we face until the sheriff gets involved. If you have five homes on a road with eight animals living there then we could have a problem.

Mayor Mann noted that the county is a different issue. We do not want the situation to arise again where we had a large number of animals in a home that caught fire. Mr. Gaskins added that the size of the property should be taken into consideration. Mayor Mann noted we should speak to the sheriff before Tuesday. Mr. Gaskins felt this item should be tabled on Tuesday until more discussion has been held regarding how much it is going to cost, etc. There are a lot of questions that need to be answered. There are individuals who are upset over this proposed ordinance. Chair Dalrymple noted that there are a lot of people who look after animals and she would hate to put something in an ordinance from prohibiting them for short-term care. Mr. Gaskins noted that we need to think about the spay/neuter law because you don’t have to go very far north to find where they have the spay/neuter law in place and they do not have the problem of overburdening of facilities, euthanizing, etc. We are transferring animals up north. Mr. Crumpton said that Lee County has one of the lowest rates in the state for euthanizing of animals. A lot of places have license fees in place and that is how they pay for spay/neuter. As the City and County grows, this issue will need to be addressed and he will add it to the County’s list of items for discussion.

Temple Park

Mr. Crumpton said that he was in a meeting last week regarding the County’s plans for Temple Park and in about 45 days, they will have a bid out for improvements to Temple Park to create an open space. The ball fences are coming down and the major expense is a drain line that runs through the park. We would like to get the park where the community can use it as open space and, in the future, open it up for development. There is a future playground where the parking area was located. They want to make it more attractive and inviting, along with the Children’s Kiwanis Park, O. T. Sloan Park and Horton Park’s first phase. They plan to bid it out in 45 days.

Mayor Mann stated that this is relative to what we plan for East Sanford in the future. The City would like to incorporate Temple Park into the East Sanford Redevelopment Area. We have worked hard on redeveloping/revitalizing East Sanford. The City paid the UNC School of Government (Development Finance Initiative - DFI) to perform an economic development study on East Sanford, which happens to be in an Opportunity Zone. We do not know how much the Zone will play into it but it will be a factor. East Sanford is so close to Downtown Sanford and is such a large area with a good population that we have to start addressing this issue. A lot of places have done a great job in turning these places around, creating an environment where people would like to live, work and play.

East Sanford Redevelopment – (Exhibit B)

Community Development Director Marshall Downey presented a condensed version of a powerpoint presentation prepared by DFI and staff (Exhibit B) of how East Sanford could be
revitalized and address the issue of affordable housing. He displayed the area in blue on Exhibit B of the study area. He noted that over 50 percent of the properties are distressed; the homes are older than the rest of the City and the median home value is lower ($82,000) than the City ($139,000). The key findings were that the neighborhood population in East Sanford is growing at three times the rate of the City. People want to live in East Sanford. As far as who is moving to East Sanford, the Latino population is two times the City’s and the fastest growing population is families with young kids and adults 55 and older. The poverty rate is higher; the median household income is lower, but the unemployment rate is comparable to the rest of the City. DFI noted that it is unusual for people to want to live in a distressed neighborhood. He spoke regarding the affordable housing needs assessment findings; nearly one in four households are severely cost burdened, especially extremely low-income renters; nearly eight in ten single seniors face some degree of housing cost burden; and there is a market strain on the housing stock for low-income households.

DFI’s recommendation was to create an Urban Redevelopment Area (URA) in a more defined area along Charlotte Avenue where Oakwood Avenue and San-Lee Drive are located (as outlined in red on Exhibit B). Mr. Downey explained that a URA would seek information from the community and gather public input to see what they would like to see in that area. It allows a Redevelopment Commission to acquire parcels, including by eminent domain for blighted parcels only; clear areas by demo or building removal; make site improvements and site preparation; engage in programs of assistance and financing (loans), irrespective of job creation and sell property through competitive bidding procedures and this would send a signal to the private sector that local government is serious about redevelopment. DFI sees Temple Park as a huge part of the redevelopment of this area.

Mayor Mann noted that private developers would see Temple Park as a large part of this redevelopment where people could spend time at the park. Mr. Downey explained that if Council moves forward with this project, we will need a workshop involving the County and City leaders to see what everyone would like to see happening in this area and DFI would lead this effort. Mayor Mann added that with this renovation, we will see a decrease in crime and low income. The next step is to get a URA formed of leaders from the county, city and community leaders. With the renovation of the park, it would really improve the area. Mr. Downey explained that we are talking about doing a street diet on Charlotte Avenue with restriping, bike lanes, to make it a more pedestrian-friendly corridor.

**DOT CSX Commuter Line**

Mayor Mann stated that the DOT CSX Commuter Line blends with the East Sanford Redevelopment Area. The DOT has approached us about a multi-modal transportation; Secretary Julie White, who has worked with mayors and cities before in a different capacity, has brought to our attention that CSX wants to sell the S Rail. The S Rail is what goes through Sanford; it comes from Hamlet through Sanford, and Raleigh and goes to Virginia, Washington, DC, and eventually to New York. The State of North Carolina is interested in buying it. They want to have some public/private partnerships and work with the cities involved. We have a 60 MPH train, which means the train tracks are kept to a level of maintenance that you can do 60 MPH. The problem is CSX does not want to maintain those tracks, which used to be 80 MPH and it is all about the level of maintenance you do. Some portions of the rail are even slower, like 40 MPH. The idea is the state wants to partner with the cities/communities to redevelop these areas and take over the rail and they would have a vested control and interest in freight and passenger. The idea is with all our economic development going on and all the jobs being created, we are in proximity of the Moncure Megasite where this track runs through it, with the potential of a spur at Chatham Park. In the future, we could find ourselves
paying a very nominal fee to jump on a commuter train to Raleigh. The station would potentially be located in the building where the Singer Furniture building is located. There are federal monies to realign the stream that runs through it. The City owns several properties on First Street. Mayor Mann stated to imagine the catalyst we could create by having a major railroad station and bus station beside it. They want to do a feasibility study and our input was that Sanford should be a model for how other cities along the rail are going to begin to do this. They are not looking to make a profit on the rail; they are looking at making a profit from the tax base created around it. In Charlotte, they have the Blue line but we would have an S Rail in Sanford. They will come to us with a feasibility study. When we showed them our East Sanford plans, they have said there are federal grants that could be obtained for this to make it all work quicker and easier. Deputy Secretary Julie White is pushing this endeavor. Anything the County could add to this would be great. This would be a more modern train to ride on and this is several years out. Our rail is highly maintained and profitable for them.

The meeting was recessed at 12:10 PM and was reconvened at 12:20 PM.

**Sports Complex**

Commissioner Chairperson Amy Dalrymple stated that the Sports Complex, Central Carolina Community College (CCCC) and Lee Early College Library bond referendum was discussed at the Group of 12 meeting. They discussed doing two bond referendums - one for the Sports Complex and another for Lee Early College and the Joint Library. She wanted feedback from this meeting regarding just having a bond referendum for the sports complex. The County is considering financing the Lee Early College and the Joint Library and not putting them on the bond referendum. The reason is Lee Early College is our third high school in the County. Lee Early College was a pilot program in the beginning and it has been highly successful. Those students have demanded a brick and mortar building for years. It is our third high school and the County Library is 20 years past its expiration date. If they would put it to a vote and it failed; ethically, she could not turn around and build it. Libraries and a Lee Early College Building might be hard to sell to the public. There is a lot of concern at the college if it did not pass on the referendum. They had rather build the Lee Early College and library. Mrs. Salmon agreed with Mrs. Dalrymple and added that bonds are a financing mechanism and it is somewhat misunderstood.

Broadway Mayor Don Andrews added that the Lee Early College and library are a need; sport complexes are more of a desire. Mr. Crumpton noted how many students you have enrolled versus how many square feet of a library is very important. We need to build a library that is expandable. The County’s discussion will heat up in September and October to get the process going for both of these projects to get the votes before the board before the next general election. They need to have conversations with the landowners and consultant for the sports complex. Mayor Mann felt the sports complex would pass on its own merits. Mr. Crumpton added that as far as affordability, there is going to be a big announcement made next week.

**Broadway Road Widening**

Broadway Mayor Don Andrews noted that he heard was that bids would be let for the Broadway Road widening in April 2021. A crew was clearing trees two weeks ago and Mastec is putting in new poles. The super street is being pushed back. Carthage Street from Wicker Street to Firetower Road is being delayed and the Department of Transportation (DOT) is in a money crunch. Mayor Mann stated that the DOT is laying off 1,000 people who are contractors. Council Member
Sam Gaskins added that the Tramway Road improvements are being moved back three years. DOT does not want to do anything with the Tramway area until after the US Open.

Mrs. Dalrymple stated that the county is preparing a Resolution Requesting Prioritization of Transportation Funding for the Realignment of Kelly Drive for adoption by the County Commissioners to be sent to the Department of Transportation. She asked that Council adopt a resolution as well. The resolution addresses the realignment of Kelly Drive to bypass the CCCC campus to preserve the safety of the CCCC students and faculty.

**Inspections Department**

Mr. Hegwer and Mr. Crumpton met to talk about creating a more robust plan to educate and retain personnel in the Inspections Department due to the heavy increase in residential, commercial and industrial projects. Mayor Mann added that we are probably going to have 1,800 new homes in the new five years.

**Other Business**

Lee County Manager John Crumpton encouraged everyone to visit the airport and see the new terminal building and the new hangars. He was in Raleigh for a Moncure Megasite meeting and the owners and everybody involved with the project is coming up with some new marketing strategies to market the site. It was very exciting and they have hired a new branding company to come up with a new name other than Moncure Megasite. Public Works Director Vic Czar attended the meeting. The sewer line being extended to the Megasite is going to jumpstart the whole development along the U. S. Highway 1 corridor coming towards Sanford.

Mayor Mann stated that a private committee has gotten together to help staff with the Depot Park renovation. They have started a silent phase for fund raising to go after naming rights. On October 17, there will be a kickoff dinner - $50 dinner ticket for adults and $20 ticket for children, with a live band; they hope to raise $20,000 that night. They will tell you about the project and hopefully, announce a huge goal has been achieved to get it restored. They want to restore the Depot building back to its original luster and have a more modern interior to be a home for a future visitors’ center, home of the Tourism Development Authority and Downtown Sanford, Inc. Kendale Shopping Center has been sold and Planning staff will be working with the developer to help achieve some things that will happen there. On October 8 and 9, the Economic Development Partnership of North Carolina (EDPNC) has chosen Sanford to be the host for its Rural Energization Conference for 268 site selectors and economic developers. The governor will be here to kick the event off and they are going to spend the night. The community, TDA and DSI are working with SAGA to host the event. They plan to take them to Hugger Mugger and the Temple Theatre to give the site selectors a really good impression.

Mr. Hegwer added that the County was going to assist the City on the Carthage Street improvements; however, the Department of Transportation has moved the project back a couple of years.

Mayor Mann informed the committee that the City of Sanford has formed a Sister City with Atizapán de Zaragoza, Mexico, which is about 30 miles north of Mexico City. We have three of their officials here today and yesterday and they are going to partner with El Refugio and have a big Latin festival on October 5 at the Mann Center – outdoors and indoors. We are the first city in the Triangle to form a Sister City with Atizapán de Zaragoza, Mexico.
Commissioner Chair Amy Dalrymple stated that next year is the census and a census committee is being formed and they would like to have it set up by October. They are concerned about having an under count. We need to encourage people to fill the form out. Mayor Mann suggested engaging El Refugio and St. Stephens Catholic Church to get involved. Those two organizations can help.

ADJOURNMENT
Commissioner Amy Dalrymple made the motion adjourn the meeting. Council Member Sam Gaskins seconded the motion to adjourn the meeting and it carried unanimously.

Respectfully Submitted,

___________________________
T. Chet Mann, Mayor

ATTEST:

______________________________
Bonnie Davis, City Clerk
The City Council met at the Sanford Municipal Center, 225 E. Weatherspoon Street, on Tuesday, September 10, 2019, at 6:00 p.m., in Council Chambers. The following people were present:

Mayor T. Chet Mann
Mayor Pro Tem Rebecca Wyhof Salmon
Council Member Byron Buckels
Council Member Sam Gaskins
Council Member Jimmy Haire
Council Member Norman Charles Post, III
City Manager Hal Hegwer
City Attorney Susan Patterson
Deputy City Clerk Vicki Cannady

Absent:
Council Member Charles Taylor
Council Member James Williams
City Clerk Bonnie Davis

**CALL TO ORDER**
Mayor Mann called the meeting to order.

**CASES FOR PUBLIC HEARING**
Public Hearing on an Economic Development Project with a Company to be Named Later (Exhibit)
Mayor Mann explained that due to late developing term changes, the public hearing will be held at a later date. He noted that Bob Joyce, Economic Development Executive Director for the Sanford Area Growth Alliance, was in attendance if Council had any questions.

**ADJOURNMENT**
Council Member Gaskins made the motion to adjourn the meeting; seconded by Council Member Williams, the motion carried unanimously.

**ALL EXHIBITS CONTAINED HEREIN ARE HEREBY INCORPORATED BY REFERENCE AND MADE A PART OF THESE MINUTES.**

Respectfully Submitted,

________________________
T. CHET MANN, MAYOR

**ATTEST:**

________________________
BONNIE DAVIS, CITY CLERK
Recognition of Citizens Academy Graduates
Recognition of Jonesboro Rotarian Terry McMillian
RESOLUTION DIRECTING THAT THE PROJECT BE UNDERTAKEN
FRANKLIN DRIVE WATER LINE EXTENSION

WHEREAS, on the 1st day of October, 2019 the City Council of the City of Sanford adopted a Preliminary Assessment Resolution providing for the extension of a 6” water line of approximately 644 linear feet along Franklin Drive to be financed by assessment of 100% of the cost against the benefited real property; and

WHEREAS, the required public hearing has been held after due notice to the public and the owners of the affected real property;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Sanford that:

1. The water system of the City shall be extended by constructing a 6” water line approximately 644 linear feet along Franklin Drive, under and by virtue of Article 10, Chapter 160A of the General Statutes of North Carolina and the procedure therein established, and said project is hereby directed to be undertaken.

2. 100% of the total cost of said extension be hereafter assessed upon the benefited properties on the basis of the number of lots served or subject to being served at an equal rate per lot.

3. The assessments herein provided for shall be payable within thirty (30) days after the publication of the notice that the assessment roll has been confirmed. The owners of assessed property may pay the assessment in full, or exercise the option of paying the assessment in not more than ten (10) annual installments which shall bear interest at the rate of eight percent (8%) per annum.

   Adopted this 15th day of October, 2019.

_________________________________________________________________
T. Chet Mann, Mayor

ATTEST:

_________________________________________________________________
Bonnie Davis, City Clerk

_________________________________________________________________
Susan C. Patterson, City Attorney
PUBLIC HEARING
Community Development Block Grant for Project Forge
RESOLUTION AUTHORIZING THE EXPENDITURE OF FUNDS FOR AN ECONOMIC DEVELOPMENT PROJECT AND APPROVING AN AGREEMENT WITH KALYANI PRECISION MACHINING, INC. AND BHARAT FORGE ALUMINUM USA, INC.

WHEREAS, notice of a public hearing was published that the Sanford City Council proposes to participate in an economic development project with a company to be named later, which is Kalyani Precision Machining, Inc. and Bharat Forge Aluminum USA, Inc.; and

WHEREAS, the project represents an investment by the company of up to $170,363,980 (One hundred seventy million, three hundred sixty three thousand, nine hundred eighty dollars) in building construction and the purchase of machinery and equipment and the creation of approximately 460 new jobs in Sanford, Lee County, North Carolina, in which the City will share approximately $5,001,166 (Five million, one thousand, one hundred sixty six dollars) of the cost of the project plus an additional $700,000 contributed by Lee County toward site preparation costs (including but not limited to acquisition of road right-of-way, clearing, grading, and preparation of a site pad), and grants of approximately $3,536,024 (Three million, five hundred thirty six thousand, twenty four dollars) over the ten-year life of the project, but the total amount of future incentive payments may be more or less than the above stated amount, with revenues from the City’s General Fund. Kalyani Precision Machining, Inc. has a goal of creating 156 new full time jobs at an average annual wage of $47,992 and making an investment of $43,000,000 and Bharat Forge Aluminum USA, Inc. has a goal of creating 304 new full time jobs at an average annual wage of $47,056 with an investment of $127,363,980.

NOW, THEREFORE, BE IT RESOLVED by the Sanford City Council that the Council finds that the project will stimulate the local economy, promote additional business activity, result in the creation of a substantial number of new jobs that will pay at or above the median average wage in the City; and estimates that the City will recover its consideration for the project within ten years or less taking into account prospective tax revenues from improvements on the property, sales tax revenues generated in the area, as well as other prospective tax revenues or income coming to the City as a result of the project.

BE IT FURTHER RESOLVED by the Sanford City Council that it hereby approves the attached agreement between the City of Sanford and Kalyani Precision Machining, Inc. and Bharat Forge Aluminum USA, Inc. and the Mayor and Clerk are hereby authorized to execute the agreement on behalf of the City.

ADOPTED this 15th day of October, 2019.

________________________________________
T. Chet Mann, Mayor,

ATTEST:

_____________________________________
Bonnie Davis, City Clerk

_____________________________________
Susan C. Patterson, City Attorney
KALYANI PRECISION MACHINING, INC.
 AND
 BHARAT FORGE ALUMINUM USA, INC.
 JOINTLY AND SEVERALLY

 and

 CITY OF SANFORD, NORTH CAROLINA

 ---------------------------
 INCENTIVE AGREEMENT

 ---------------------------

 Dated as of October __, 2019

 ---------------------------
2

INCENTIVE AGREEMENT

THIS INCENTIVE AGREEMENT is dated as of the ___ day of October, 2019 (as supplemented or amended, the "Agreement"), and is between KALYANI PRECISION MACHINING, INC, a North Carolina corporation ("KPM"), and BHARAT FORGE ALUMINUM USA, INC, a North Carolina corporation ("BFA"), jointly and severally (referred to jointly as the "Company"), and their successors and assigns and BHARAT FORGE AMERICA INC, a Delaware corporation, as guarantor of this Agreement (the "Guarantor"), and its successors and assigns and the CITY OF SANFORD, NORTH CAROLINA, a North Carolina Municipal Corporation ("the City").

WITNESSETH:

WHEREAS, the Grant from the City to the Company is in the amount currently estimated to be four million eight hundred thirty six thousand twenty four dollars ($4,836,024). This amount will consist of one million three hundred thousand dollars ($1,300,000) for Site preparation, and Future Incentive Payments of an estimated amount of three million five hundred thirty six thousand twenty four dollars ($3,536,024) over 10 years, based on current projected Direct Investments. However, it is understood that the total amount of Future Incentive Payments will be based upon a percentage of actual property taxes paid by the Company, as stated in Article V, and therefore the total amount of Future Incentive Payments may be more or less than the above stated amount. This Incentive has been negotiated and agreed to by the Parties contingent upon the Company entering into this Agreement and formal approval of the Grant by the Sanford City Council;

WHEREAS, in addition to the above Incentives the City is providing to the Company in support of this project, the City will also receive from Lee County the sum of seven hundred thousand dollars ($700,000) to be used for site preparation costs incurred by or on behalf of the Company, and which will be administered by the City pursuant to an Interlocal Agreement between the City and Lee County, and in accordance with Article III of this Agreement.

WHEREAS, the above referenced support is to be used by the Company toward the goals of creating at least 460 (four hundred sixty) new Full Time Employees and net new Direct Investment in the amount of one hundred seventy million three hundred sixty three thousand nine hundred eighty dollars ($170,363,980) in connection with building construction and the purchase of machinery and equipment in the Company’s manufacturing operations to be located in the City, with KPM having goals of creating one hundred fifty six (156) new Full Time Jobs at average annual wages of forty seven thousand nine hundred ninety two dollars ($47,992) and making Direct Investments of forty three million dollars ($43,000,000) and BFA
having goals of creating three hundred four (304) new Full Time Jobs at average annual wages of forty seven thousand fifty six dollars ($47,056) and making Direct Investments of one hundred twenty seven million three hundred sixty three thousand nine hundred eighty dollars ($127,363,980);

WHEREAS, the Company will construct a high technology manufacturing facility which will be within the City and which will significantly enhance the City’s reputation as a desirable location for high technology manufacturing companies;

WHEREAS, the presence of the Company within the City will significantly enhance the reputation of the City as a desirable location for international companies;

WHEREAS, the Grant is necessary to enable the job creation and taxable investment by the Company in the City to occur and go forward;

WHEREAS, the Grant will stimulate local economic activity, promote business and create a number of new jobs for the citizens of the City;

WHEREAS, the Grant is issued pursuant and subject to the provisions of the Local Development Act, North Carolina General Statute 158-7.1, including public hearings which were held on August 20, 2019 and October 1, 2019; and

WHEREAS, public hearings were held on August 20, 2019 and October 1, 2019 at the regular meetings of the City Council, whereby the City Council then voted to approve the incentives as provided for in this Agreement.

NOW, THEREFORE, for and in consideration of the mutual promises and covenants contained in this Agreement, the Parties hereby agree as follows:

**ARTICLE I**

**DEFINITIONS: RULES OF CONSTRUCTION**

1.01. **Definitions.** For all purposes of this Agreement, unless the context requires otherwise, the following terms shall have the following meanings:

"Abandonment of Operations" means that for a period in excess of 90 days the Company’s level of Full Time Employees or Direct Investment goes below twenty percent (20%) of the guaranteed levels of Performance Commitments for either Full Time Employees or Direct Investment.
"Beneficial Occupancy" means the date on which (a) the Company occupies the Facility for its intended purpose, evidenced by the obtaining of a Certificate of Occupancy for the Facility and (b) at least five (5) persons are employed at least one week in the Facility.

"Business Day" means any day that is not a Saturday or a Sunday, or a day on which banks in the State are required by law to be closed.

"Change in Use" means any reduction in or diversion of use of the Facility which would not provide the guaranteed Performance Commitments of Direct Investment or Full Time Employees, as set forth in Article II Exhibits C and D, where such reduction does not equate to an Abandonment of Operations.

"Closing Date" means the date on which this Agreement is first executed and delivered by the Parties.

"Direct Investment" means the original tax value of all land, building and equipment placed by the Company on the ad valorem tax rolls, regardless of the funding sources for said property.

"Facility" means the manufacturing facility intended to be constructed by the Company on the Site, as more particularly described in Exhibit B.

The number of "Full Time Employees" means the number of jobs filled by employees after the Closing Date who are paid for at least thirty five (35) hours of work per week, and whose wages are subject to withholding for NC income taxes.

"Incentive" means the various incentive payments from all sources referred to in this Agreement to the Company.

"Performance Commitments" means the levels of Full Time Employees to be hired by the Company paying an average wage for all employees per year as specified in Article II, and for which the Company will provide health insurance with the Company paying at least fifty percent (50%) of the cost of such coverage and/or the levels of Direct Investment to be made by the Company in relation to the Company's operations in the Facility, as specified in Article II.

"Occupancy Date" means the date on which the Company assumes Beneficial Occupancy of the Facility.

"Site" means the real property in the City upon which the Facility is to be constructed, as more specifically described in Exhibit A, which description is subject to minor adjustments prior to conveyance of the Site, based upon engineering analyses by the Company.

"State" means the State of North Carolina.
1.02 **Rules of Construction.** Unless the context otherwise indicates:

(a) Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine and neuter genders as well;

(b) All references to Articles, Sections or Exhibits are references to Articles, Sections and Exhibits of this Agreement;

(c) All references to officers are references to City officers; and

(d) The headings and Table of Contents herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meanings, construction or effect.

**ARTICLE II**

**COMPANY’S COMMITMENTS**

In return for the Incentives set forth herein, which are a competitive necessity for the Company to choose to locate its Facility in the City, the Company commits to certain Performance Commitments related to jobs created and incrementally increased taxes in the City. For the City to provide incentives to support the location of the Facility in the City there must be a competitive offer from another potential location for this Facility, and but for the provision of the incentives contemplated by this Agreement, the Company would not locate its facility in the City. Previous to the execution of this Agreement, the Company has provided to the City evidence of a competitive alternative location for this Facility, which is satisfactory in the City’s discretion. The Parties acknowledge and agree that the consideration for the City to enter into this Agreement is the expectation that the Company will meet or exceed these Performance Commitments.

Specifically, the Company agrees to meet or exceed the following Performance Commitments:

(a) The Company will create and maintain in the Facility for the term of this Agreement, the following number of Full Time Employees:

<table>
<thead>
<tr>
<th>Year</th>
<th>New By Year</th>
<th>Cumulative By Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>2023</td>
<td>34</td>
<td>39</td>
</tr>
<tr>
<td>Year</td>
<td>New By Year</td>
<td>Cumulative By Year</td>
</tr>
<tr>
<td>------</td>
<td>-------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>2024</td>
<td>63</td>
<td>102</td>
</tr>
<tr>
<td>2025</td>
<td>13</td>
<td>115</td>
</tr>
<tr>
<td>2026</td>
<td>41</td>
<td>156</td>
</tr>
<tr>
<td>2027</td>
<td>-</td>
<td>156</td>
</tr>
<tr>
<td>2028</td>
<td>-</td>
<td>156</td>
</tr>
<tr>
<td>2029</td>
<td>-</td>
<td>156</td>
</tr>
<tr>
<td>2030</td>
<td>-</td>
<td>156</td>
</tr>
<tr>
<td>2031</td>
<td>-</td>
<td>156</td>
</tr>
</tbody>
</table>

For BFA:

<table>
<thead>
<tr>
<th>Year</th>
<th>New By Year</th>
<th>Cumulative By Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>98</td>
<td>98</td>
</tr>
<tr>
<td>2022</td>
<td>11</td>
<td>109</td>
</tr>
<tr>
<td>2023</td>
<td>82</td>
<td>191</td>
</tr>
<tr>
<td>2024</td>
<td>32</td>
<td>223</td>
</tr>
<tr>
<td>2025</td>
<td>81</td>
<td>304</td>
</tr>
<tr>
<td>2026</td>
<td>-</td>
<td>304</td>
</tr>
<tr>
<td>2027</td>
<td>-</td>
<td>304</td>
</tr>
<tr>
<td>2028</td>
<td>-</td>
<td>304</td>
</tr>
<tr>
<td>2029</td>
<td>-</td>
<td>304</td>
</tr>
<tr>
<td>2030</td>
<td>-</td>
<td>304</td>
</tr>
</tbody>
</table>
However, it is understood and agreed that for measuring compliance with this Agreement, the Company shall be deemed fully compliant with the job creation requirements if it creates 80% of the jobs described in the charts above.

Additionally, it is understood that KPM and BFA shall be allowed to meet the Minimum Performance commitments set forth above and in Exhibit D collectively. That is, a shortfall in Minimum Performance by either KPM or BFA individually may be offset by the other party's over-performance relative to its Minimum Performance standards. For example, if KPM is 3 jobs short of the Minimum Performance requirement for its job creation, but BFA is 3 jobs above the Minimum Performance for its job creation, then there would not be a breach of this Agreement. KPM's payment would not be reduced and there would be no clawback. Additionally, if KPM is 3 jobs short of the Minimum Performance requirement for its job creation, but BFA is 2 jobs above the Minimum Performance for its job creation, then KPM would only be considered short by 1 job.

(b) The Company agrees that the average wage level of all Full Time Employees in the Facility shall be no less than forty seven thousand nine hundred ninety two dollars ($47,992) for Full Time Employees of KPM, and forty seven thousand fifty six dollars ($47,056) for Full Time Employees of BFA. Benefits will be provided which will include, but not be limited to, the Company providing health insurance coverage for its employees, with the Company paying at least fifty percent (50%) of the cost for such coverage.

(c) The Company shall make Direct Investments equal to at least one hundred seventy million three hundred sixty three thousand nine hundred eighty dollars ($170,363,980), and the taxable property resulting from these Direct Investments shall remain in the City subject to ad valorem tax assessments for the term of this Agreement. It is understood that Direct Investments will be made over a period of time on a phased basis. All such Direct Investments, to be considered a basis for incentives covered hereunder shall be made no later than December 31, 2025. The Direct Investments will be made by KPM and BFA and maintained at the following levels for the years indicated, though it is understood that a shortfall in Direct Investment by either KPM or BFA individually shall not be considered a breach of this Agreement if the amount of Direct Investment by the other entity over the amount required below for that entity is enough to offset the shortfall. For example, if in 2023, the KPM Direct Investment is $1,000,000 short of the levels indicated in the chart below, but the BFA Direct Investment is $1,000,000 higher than the levels indicated in the chart below, the shortfall by KPM shall not be considered a breach of this agreement related to Direct Investment.
For KPM:

<table>
<thead>
<tr>
<th>Year</th>
<th>By Year</th>
<th>Cumulative By Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>$11,428,571</td>
<td>$11,428,571</td>
</tr>
<tr>
<td>2023</td>
<td>$20,000,000</td>
<td>$31,428,571</td>
</tr>
<tr>
<td>2024</td>
<td>-</td>
<td>$31,428,571</td>
</tr>
<tr>
<td>2025</td>
<td>$11,571,429</td>
<td>$43,000,000</td>
</tr>
<tr>
<td>2026</td>
<td>-</td>
<td>$43,000,000</td>
</tr>
<tr>
<td>2027</td>
<td>-</td>
<td>$43,000,000</td>
</tr>
<tr>
<td>2028</td>
<td>-</td>
<td>$43,000,000</td>
</tr>
<tr>
<td>2029</td>
<td>-</td>
<td>$43,000,000</td>
</tr>
<tr>
<td>2030</td>
<td>-</td>
<td>$43,000,000</td>
</tr>
<tr>
<td>2031</td>
<td>-</td>
<td>$43,000,000</td>
</tr>
<tr>
<td>2032</td>
<td>-</td>
<td>$43,000,000</td>
</tr>
</tbody>
</table>

For BFA:

<table>
<thead>
<tr>
<th>Year</th>
<th>By Year</th>
<th>Cumulative By Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$30,068,000</td>
<td>$30,068,000</td>
</tr>
<tr>
<td>2021</td>
<td>$23,088,000</td>
<td>$53,156,000</td>
</tr>
<tr>
<td>2022</td>
<td>$10,051,980</td>
<td>$63,207,980</td>
</tr>
<tr>
<td>2023</td>
<td>$34,068,000</td>
<td>$97,275,980</td>
</tr>
<tr>
<td>2024</td>
<td>$30,088,000</td>
<td>$127,363,980</td>
</tr>
<tr>
<td>Year</td>
<td>Amount</td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>-------------</td>
<td></td>
</tr>
<tr>
<td>2025</td>
<td>-</td>
<td>$127,363,980</td>
</tr>
<tr>
<td>2026</td>
<td>-</td>
<td>$127,363,980</td>
</tr>
<tr>
<td>2027</td>
<td>-</td>
<td>$127,363,980</td>
</tr>
<tr>
<td>2028</td>
<td>-</td>
<td>$127,363,980</td>
</tr>
<tr>
<td>2029</td>
<td>-</td>
<td>$127,363,980</td>
</tr>
<tr>
<td>2030</td>
<td>-</td>
<td>$127,363,980</td>
</tr>
</tbody>
</table>

Confirmations of the Company's attainment as to Performance Commitments shall be as follows. The amount of Direct Investment shall be the amount of the tax value for all property owned by the Company in the City as shown on its Business Real and Personal Property Tax Listings, for each year that new investments are made. The number of Full Time Employees shall be the number shown on filings of form NCUI 101 with the N.C. Employment Security Commission as to unemployment compensation taxes. Notwithstanding anything to the contrary in this Agreement, the amount of Direct Investment and the number of Full Time Employees (based on 80% of the numbers of Full-Time Employees set forth in the charts in Article II(a) above) are the only two elements in the Performance Commitments that shall be assessed in determining whether the Company receives a payment in a given grant year. The City may in its discretion require other documentation to verify the attainment of these Performance Commitments.

**ARTICLE III**

**SITE PREPARATION**

3.01 **Site Improvements.** The City, or an agent or nonprofit on behalf of the City, will reimburse the Company for or directly pay for costs of preparing the Site for the Company ("Site Preparation Costs"). This may include Site Preparation Costs paid by the City prior to the execution of this Agreement, pursuant to Section 3.07. These Site Preparation Costs shall provide for the following improvements to the Site ("Site Improvements"):  

(a) Acquisition of right of way external to the Site which will allow for a road to be funded by the State Department of Transportation to connect to the Site in the northeast area of the Site.  

(b) Construction of a sewer line within the interior of the Site from the connection point of sewer lines outside of the Site all the way to the graded pad upon which the Facility is to be built, with the understanding among the Parties being that the
alignment of this sewer line is to be agreed to by the Parties and that it will be the shortest distance as is reasonably possible, provided the alignment is conducive to future development.

(c) Construction of a waterline within the interior of the Site from the connection point of the waterline outside of the Site all the way to the graded pad upon which the Facility is to be built, with the understanding among the Parties that the alignment of this water line is to be agreed to by the Parties, and that it will be the shortest distance as is reasonably possible, provided the alignment is conducive to future development.

(d) Construction of a road within the Site from the connection point of the road to be funded by the State Department of Transportation to a mutually agreed upon connection point to the graded pad upon which the Facility is to be built, which road shall be of a width of thirty six feet (36') from back of pavement to back of pavement and will provide for a dispersal flow of water run off (not including curb and guttering), and which will be constructed in accordance with City standards, as set forth in relevant City ordinances. The alignment of this road will be as mutually agreed to by the Parties. Following the construction of this road, portions will be privately owned and maintained by the Company. But provided however that any portion of the road which may connect to other property, adjacent to the Site, will be a publicly owned and maintained road.

(e) Clearing, grading and constructing a pad of approximately fifteen (15) acres upon which the Facility is built.

3.02 **Requirements for Site Improvements.** These Site Improvements and the City's payment of Site Preparation Costs shall be subject to the following terms and conditions:

(a) All rights of way for water and sewer lines and road improvements to be owned and maintained by the City, shall be dedicated to the City by the Company, at no cost to the City.

(b) The City may, in its sole discretion, decide whether to construct any or all Site Improvements itself or allow the Company to construct any or all of the Site Improvements and to reimburse the Company for all Site Improvements Costs it incurs in doing so.

(c) For any Site Improvements constructed by the Company, the City will reimburse the Company for those direct Site Preparation Costs within sixty (60) days after the Company presents to the City a request for payment of which will include invoices from service providers showing the specific services provided and proof of payments of those invoices. Site Preparation Costs shall not include costs related
to the salaries and benefits for employees of the Company or operating costs incurred by the Company.

(d) If the Company does undertake the construction of any of the Site Improvements, the City and the Company will negotiate in good faith to agree upon processes or steps to assure that of those improvements will be completed at the lowest cost, which may include requirements that the Company will utilize some or all of the procurement/contracting practices required of the City by statute.

(e) The City may pay the Site Preparation Costs from any source of funding available to the City which may include the City’s general fund, the City’s utility fund, any other funds available to the City which are not restricted as to their use, and funds provided to the City by the County.

(f) In addition to the source of funding set forth in (e) above, the City may, in its sole discretion, seek grant funds to pay for portions of the Site Improvements. If this is the case, the Company will cooperate fully in the City’s efforts to obtain such grants, to include executing performance agreements in connection with such grants.

(g) At Exhibit E is a timeline for Site Improvements to be completed and other relevant milestones. If there are any force majeure incidences as defined in Article VIII, any of the deadlines set forth in Exhibit E will be extended in accordance with the terms of Article VIII. If there are any delays in the timeline at Exhibit E, due to weather conditions the Parties will negotiate in good faith for reasonable extensions of the timeline. Notwithstanding anything to the contrary in this Agreement, if the City fails to meet any of the timelines set forth in Exhibit E, all deadlines for the Company’s Start of Construction and Beneficial Occupancy shall be extended by the same period of time accordingly. Additionally, if the delay is 6 months or more, all of the Company’s Performance Commitments as to jobs and investment will be extended by a year.

3.03 Regulatory Actions. The City will make all reasonable and appropriate efforts to expedite the handling of all permits, site plan approvals, and other regulatory matters, required for the development of the Site, consistent with statutorily requirement notices and timelines.

3.04 Annexation Required. The payment by the City of reimbursements for any Site Preparation Costs shall be conditional upon the Site having been annexed into the corporate limits of the City prior to any such payment. During the period of time when the County holds the title to the Site, the Company will cooperate fully with the County to have the Site annexed into the corporate limits of the City. To the extent that this annexation is not completed or undertaken by the County, the Company will expeditiously, without any delay, continue or initiate to completion an annexation application for the Site to be included within the corporate
limits of the City. The City will provide assistance to the Company in any annexation action that is continued or undertaken by the Company. It is understood that no Incentive as described in this Agreement will be paid by the City until the Site is annexed into the corporate limits of the City.

3.05 **Other Infrastructure Improvements by City.** In addition to the funds discussed above being provided for Site Preparation Costs, the City will provide the following infrastructure improvements at the following estimated costs:

- Waterline installation to the Site $250,000
- Sewerline installation to the Site $4,000,000
- Site pre-development engineer costs $50,000
- Entrance road construction $964,600
- Construction of temporary waterline $12,000

3.06 **Infrastructure Grants.** The City will seek the following grants to support the above costs, and the Company will cooperate fully in the City’s efforts to obtain such grants, to include executing performance agreements in connection with such grants:

- Golden LEAF Foundation (sewerline) $1,500,000
- CDBG-ED (water and sewer) $1,250,000
- IDF (infrastructure) $500,000
- NCDOT (entrance road) $964,600

3.07 **Preliminary Site Work.** The City and/or Sanford Area Growth Alliance ("SAGA") on behalf of the City, has undertaken work to prepare the Site prior to the execution of this Agreement and will continue to do so in order to expedite this project, all work as agreed to by the Parties, and these costs will be included in the definition of Site Preparation Costs.

3.08 **Reimbursement Requirements.** If there is an Abandonment of Operations or Change in Use during the term of this Agreement, the Company shall reimburse the City all or a portion of the Site Preparation Costs paid by the City, from its own funds and from funds provided by the County, as shown by the description and examples at Exhibit C.

3.09 **Infrastructure Grants.** The City or County may, in their sole discretion, seek grant funds to pay for any infrastructure (on-Site or off-Site) to support this project. If this is the case, the Company will cooperate fully in the City or County’s efforts to obtain such grants, to include executing performance agreements in connection with such grants.

**ARTICLE IV**

**CONSTRUCTION OF FACILITY**
The Parties agree that construction of the Facility shall be solely the Company's responsibility. The Company shall cause the construction to be carried on in accordance with all applicable State and local laws and regulations. The Company shall cause the Facility to be constructed on the Site and shall insure (1) that the Facility does not encroach upon nor overhang any easement or right-of-way and (2) that the Facility, when erected, will be wholly within any applicable building restriction lines, however established, and will not violate applicable use of other restrictions contained in prior conveyances or applicable protective covenants or restrictions. The Company and the City shall cause all utility lines, and streets serving the Site, which are located within the metes and bounds of the Site, to be completed in accordance with health department standards and other applicable regulations of any governmental agency having jurisdiction.

The Company shall pay all taxes and all charges for utility services furnished to or used on or in connection with the Site and the Facility.

The Company shall bear all risk of loss to and condemnation of the Site and the Facility, after conveyance of the deed for the Site to the Company.

The Company shall observe and comply promptly with all current and future orders of all courts and regulatory bodies having jurisdiction over the Facility or any portion thereof (or be diligently and in good faith contesting such orders), and all current and future requirements of all insurance companies writing policies covering the Facility or any portion thereof.

ARTICLE V

FUTURE INCENTIVE PAYMENTS

The City also commits to pay to the Company grants in the future ("Future Incentive Payments"), which shall be paid individually to KPM and BFA, based on the value of each entity’s individual property tax payments. These Future Incentive Payments shall be paid in amounts calculated as being fifty eight and four hundred ninety five thousandth percent (58.495%) of the property taxes paid by KPM and BFA individually each year, as defined below. This calculation is for ease of determination of the amounts of the Future Incentive Payments. Such Future Incentive Payments may be paid by the City from any fund source available to the City, which is not restricted as to the use of such funds. For the avoidance of doubt, if one company (e.g., KPM) performs to the levels that it is projected to perform individually, but the other Company (e.g., BFA) fails to achieve its performance requirements, the performing company (e.g., KPM) will still get paid under this Agreement (even though the other company may not, depending on the level of its performance).

Each future Incentive Payment shall be paid to the Company after the Company pays all of the property taxes owed by the Company in the calendar years in which the Company qualifies
for a Future Incentive Payment, and after the Company provides to the City all of its form NCUI 101 filings for the years prior to the payment of a Future Incentive Payment provided that the Company is current on all other taxes and fees owed to the City. The first calendar year in which a Future Incentive Payment will be paid to KPM will be 2024, for incentive year 2022, based upon property tax listings in 2023 for investments made in 2022. The final calendar year in which a Future Incentive Payment will be paid to KPM will be 2033, for incentive year 2031, based upon property listings in 2032 for investments made in 2031. This first calendar year in which a Future Incentive Payment will be paid BFA will be 2022, for incentive year 2020, based upon property tax listings in 2021 for investments made in 2020. The final calendar year in which a Future Incentive Payment will be paid to BFA will be 2031, for incentive year 2029, based upon property tax listings in 2030 for investments made in 2029. Determinations as to whether the Company has successfully achieved or exceeded the Performance Commitments will be in accordance with the provisions regarding Change of Use as set forth in this Agreement, where compliance is calculated based on 100% of the Required Investment and 80% of the anticipated Full-Time Employees set forth in Article II(a) above.

The payment by the City of any Future Incentive Payments shall be conditional upon the Site having been annexed into the corporate limits of the City prior to any such payment.

If a Change in Use occurs in any year prior to the last payment to the Company, the amount of the Future Incentive Payment due in that year shall be reduced on a pro rata basis, to the percentage shortage in the Performance Commitment level, as determined by the formula set forth in Exhibit D. If the Company has an Abandonment of Operations in the Facility, the City shall not be obligated to make any future Incentive Payments from the date of Abandonment of Operations.

ARTICLE VI

INDEMNIFICATION

The Company hereby agrees to indemnify, protect and save the City and its officers, directors and employees harmless from all liability, obligations, losses, claims, damages, actions, suits, proceedings, costs and expenses, including reasonable attorneys‘ fees, arising out of, connected with, or resulting directly or indirectly from the Site or the Facility or the transactions contemplated by or relating to this Agreement, including without limitation, the possession, condition, construction or use thereof, insofar as such matters relate to events subject to the control of the Company and not the City. The indemnification arising under this Article shall survive the Agreement’s termination.
15
ARTICLE VII
TERMINATION OF AGREEMENT

Upon the occurrence of any of the following events, the Company shall have the option of terminating this Agreement:

(a) Failure of the City, to provide Site Improvements or to reimburse Site Preparation Costs, as provided in Article III of this Agreement; and

(b) Failure of the City, to make Future Incentive Payments, as provided for in Article V of this Agreement; and

The City shall have the option of terminating this Agreement upon an Abandonment of Operations by the Company, which option shall be executed by giving written notice to the Company.

Unless sooner terminated, this Agreement shall terminate at the end of the term of this Agreement. The Term of this Agreement as to the Company’s Performance Commitments shall be through incentive year 2031 and the filing of property tax listings in 2032, but if earned the commitment to pay the final Future Incentive Payment to KPM in 2033 or other earned Future Incentive Payments to KPM or BFA for any other grant year shall survive the term of this Agreement.

ARTICLE VIII
TEMPORARY REDUCTIONS IN PERFORMANCE COMMITMENTS

Notwithstanding anything herein to the contrary, if the Company or the City shall be prevented or delayed from fulfilling, or continuing to fulfill, either or both of the Performance Commitments as set forth herein or timeline commitments in Exhibit E, by reason of a:

(a) Government moratorium;

(b) Delay in obtaining any governmental or quasi-governmental approvals, permits or certificates, despite reasonable efforts by the Company to obtain same;

(c) Enemy or hostile governmental or terrorist action;

(d) Act of God, including but not limited to hurricane, tornado, snowstorm, windstorm, earthquake or flood, fire or other extreme weather conditions or other casualty;
16

(e) Strike, lockout or a labor dispute involving entities other than the Company which causes the Company an inability to obtain labor or materials;

(f) Delay in funding from any state or local government incentive to or for the benefit of the Company;

(g) Any other event, other than normal business exigencies, which is beyond the reasonable control of the Company;

(h) Documented unavailability of trained labor;

(i) Trade sanctions which negatively affect the Company’s sales of its products;

(j) Immigration and visa restrictions which negatively impact the Company’s ability to bring in the necessary critical management and technical experts.

then the Performance Commitments or timeline commitment for the year(s) in which such event occurred shall be equitably reduced or time extended, respectively, to reflect the effect of such event.

The Parties shall negotiate in good faith to make an equitable reduction in the Performance Commitments for an affected year(s) or an extension of time for any timeline commitments.

ARTICLE IX

ASSIGNMENTS

No Party shall sell or assign any interest in or obligation under this Agreement without the prior express written consent of all the Parties. Provided, however, that this Agreement may be assigned by the Company to a wholly owned subsidiary of the Company, or an affiliate company to the Company of which at least fifty one percent (51%) of the equity of the affiliate company is owned by one or both of the Guarantors without the consent of the City, provided that the Company will guarantee the performance by the Subsidiary of the obligations due under this Agreement, provided that the assignee company is organized or incorporated in the State, or is domiciled as a
foreign corporation or limited liability company doing business in the State. However, mere change in control or equity ownership of the Company or Guarantor shall not be considered an assignment under this Agreement.

ARTICLE X

LIMITED OBLIGATION OF CITY

NO PROVISION OF THIS AGREEMENT SHALL BE CONSTRUED OR INTERPRETED AS CREATING A PLEDGE OF THE FAITH AND CREDIT OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL DEBT LIMITATION. NO PROVISION OF THIS AGREEMENT SHALL BE CONSTRUED OR INTERPRETED AS DELEGATING GOVERNMENTAL POWERS NOR AS A DONATION OR A LENDING OF THE CREDIT OF THE CITY WITHIN THE MEANING OF THE STATE CONSTITUTION. NO PROVISION OF THIS AGREEMENT SHALL BE CONSTRUED TO PLEDGE OR TO CREATE A LIEN ON ANY CLASS OR SOURCE OF THE CITY’S MONEYS, NOR SHALL ANY PROVISION OF THE AGREEMENT RESTRICT TO ANY EXTENT PROHIBITED BY LAW, ANY ACTION OR RIGHT OF ACTION ON THE PART OF ANY FUTURE CITY GOVERNING BODY. TO THE EXTENT OF ANY CONFLICT BETWEEN THIS ARTICLE AND ANY OTHER PROVISION OF THIS AGREEMENT, THIS ARTICLE SHALL TAKE PRIORITY.

ARTICLE XI

MISCELLANEOUS

11.01 Governing Law and Venue. The Parties intend that this Agreement shall be governed by the law of the State of North Carolina, and that the General Courts of Justice of the State of North Carolina shall be the forum and venue for any dispute arising out of this Agreement. Prior to commencement of any litigation, the Parties agree to negotiate in good faith to attempt to resolve any dispute.

11.02 Notices.

(a) Any communication required or permitted by this Agreement must be in writing except as expressly provided otherwise in this Agreement.

(b) Any communication shall be sufficiently given and deemed given when delivered by hand or five days after being mailed by first-class mail, postage prepaid, and addressed as follows:
18

(1) If to Kalyani Precision Machining, Inc., to:

Murali Raju  
Bharat Forge America Inc  
2105 Schmiede St  
Surgoinsville, TN 37873

(2) If to Bharat Forge Aluminum USA, Inc. to:

Murali Raju  
Bharat Forge America Inc  
2105 Schmiede St  
Surgoinsville, TN 37873

(3) If to Bharat Forge America Inc., to:

Murali Raju  
Bharat Forge America Inc  
2105 Schmiede St  
Surgoinsville, TN 37873

(4) If to the City, to:

(c) Any communications hereunder sent to one Party shall also be sent to the other Parties.

(d) Any addressee may designate additional or different addresses for communications by notice given under this Section to the other Parties.

11.03 **Non-Business Days.** If the date for making any payment or the last day for performance of any act or the exercising of any right shall not be a Business Day, such payment shall be made or act performed or right exercised on or before the next preceding Business Day.

11.04 **Severability.** If any provision of this Agreement shall be determined to be unenforceable, that shall not affect any other provision of this Agreement.

11.05. **Entire Agreement; Amendments.** This Agreement, including Exhibits A through D Attached, which are incorporated herein and made a part hereof, constitutes the entire contract between the Parties, and this Agreement shall not be changed except in writing signed by all the Parties.
11.06. **Binding Effect.** Subject to the specific provisions of this Agreement, this Agreement shall be binding upon and inure to the benefit of and be enforceable by the Parties and their respective successors and assigns.

11.07. **Time.** Time is of the essence in this Agreement and each and all of its provisions.

11.08. **Liability of Officers and Agents.** No officer, agent or employee of the City or the Company shall be subject to any personal liability or accountability by reason of the execution of this Agreement or any other documents related to the transactions contemplated hereby. Such officers, agents, or employees shall be deemed to execute such documents in their official capacities only, and not in their individual capacities. This Section shall not relieve any such officer, agent or employee from the performance of any official duty provided by law.

11.09 **Guarantor.** The Guarantor is executing this Agreement solely to guarantee the performance of the Company as to all terms, provisions and requirements of this Agreement.

11.10. **Counterparts.** This Agreement may be executed in several counterparts, including separate counterparts. Each shall be an original, but all of them together constitute the same instrument.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in their corporate names by their duly authorized officers, all as of the date first above written.

[SEAL] KALYANI PRECISION MACHINING,

INC.

ATTEST:

____________________________________
Secretary

[SEAL] BHARAT FORGE ALUMINUM USA, INC.
20

By ________________________

ATTEST:

__________________________
Secretary

[SEAL]

The following party is executing this Agreement as guarantor, pursuant to the provisions of Section 11.09:

BHARAT FORGE AMERICA INC.

By ________________________

ATTEST:

__________________________
Secretary

CITY OF SANFORD,
NORTH CAROLINA

ATTEST:

By ________________________
Clerk

This instrument has been preaudited
in the manner required by The Local
Government Budget and Fiscal Control Act

__________________________________________

Name:
Finance Officer,
Sanford, North Carolina

Exhibits

A - Site Description
B - Facility Description
C - Schedule for Reimbursement of Site Preparation Costs
D - Schedule for Reduction of Future Incentive Payments
E - Timeline
EXHIBIT A

SITE DESCRIPTION

The Site will consist of a seventy eight (78) acre parcel of property which is a portion of a 98.24 acre parcel of property located on Colon Road in the City, and which identified by the tax identification number of 9655-21-2728-00. The Site is more definitely described as Tract 1 on the attached plat.

(Insert plat)
EXHIBIT B

FACILITY DESCRIPTION

The Facility will consist of a state-of-the-art modern facility for the purpose of manufacturing critical components for the automobile and allied industry.
EXHIBIT C

SCHEDULE FOR REIMBURSEMENT OF SITE PREPARATION COSTS

[For the sake of this example, it is assumed that the total amount of Site Preparation Costs was $2,000,000, but may vary as to the actual amount of such costs, the term of the Future Incentive Payments is ten years, employment commitments and investment commitments are as shown below for each company. If the actual amount of the Site Preparation Costs is below $2,000,000, the Maximum Amount Due for each year in the chart below shall be adjusted accordingly, in the same proportion as the figures below relate to $2,000,000. However, in no event shall the Maximum Amount Due exceed $2,000,000 no matter the actual amount of the Site Preparation Costs. Site Preparation Costs shall not include grant funds provided by third party sources, as opposed to funds expended from the City’s accounts and the funds paid by the County to the City in the amount of $700,000. Within ninety (90) days following the completion of all of the Site Improvements listed below, representatives of the City and the Company shall meet to discuss and review invoices and proofs of payments of all expenditures that the City contends should be included in the computation of all Site Preparation Costs. The Parties will negotiate in good faith to reach an agreement as to this amount. If they fail to do so, all documentation and the written contentions of the Parties shall be submitted to a Certified Public Accountant (“CPA”), who is acceptable to both of the Parties, for that accountant to determine the total amount of Site Preparation Costs. In making this determination, the CPA shall include all costs which could be capitalized in accordance with GAAP policies/guidelines. The Parties will each pay for one-half of the fees charged by the CPA. Upon the determination of the total amount of Site Preparation Costs, if the amount is below $2,000,000, the Parties will agree to a replacement for Exhibit C, and this revised exhibit will be substituted into the Agreement.]

In the event of an Abandonment of Operations within the Facility by KPM or BFA at any time prior to December 31, 2031 the Company must reimburse the City for the Maximum Amount Due (as set forth below) for the year shown below which corresponds to the date of the Abandonment of Operations. However, in no event shall the Company be liable to reimburse the City more than the actual amount of Site Preparation Costs paid by the City to the Company pursuant to Article II or spent on behalf of the Company pursuant to Article III.
<table>
<thead>
<tr>
<th>Date</th>
<th>Maximum Amt. Due</th>
<th>Performance Commitment (Full-Time Employees for KPM and BFA collectively)</th>
<th>Minimum Performance (Full-Time Employees for KPM and BFA collectively)</th>
<th>Cumulative Direct Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2022</td>
<td>$2,000,000</td>
<td>114</td>
<td>91</td>
<td>$74,636,551</td>
</tr>
<tr>
<td>December 31, 2023</td>
<td>$1,800,000</td>
<td>230</td>
<td>184</td>
<td>$128,704,551</td>
</tr>
<tr>
<td>December 31, 2024</td>
<td>$1,600,000</td>
<td>325</td>
<td>260</td>
<td>$158,792,551</td>
</tr>
<tr>
<td>December 31, 2025</td>
<td>$1,400,000</td>
<td>419</td>
<td>335</td>
<td>$170,363,980</td>
</tr>
<tr>
<td>December 31, 2026</td>
<td>$1,200,000</td>
<td>460</td>
<td>368</td>
<td>$170,363,980</td>
</tr>
<tr>
<td>December 31, 2027</td>
<td>$1,000,000</td>
<td>460</td>
<td>368</td>
<td>$170,363,980</td>
</tr>
<tr>
<td>December 31, 2028</td>
<td>$800,000</td>
<td>460</td>
<td>368</td>
<td>$170,363,980</td>
</tr>
<tr>
<td>December 31, 2029</td>
<td>$600,000</td>
<td>460</td>
<td>368</td>
<td>$170,363,980</td>
</tr>
<tr>
<td>December 31, 2030</td>
<td>$400,000</td>
<td>460</td>
<td>368</td>
<td>$170,363,980</td>
</tr>
<tr>
<td>December 31, 2031</td>
<td>$200,000</td>
<td>460</td>
<td>368</td>
<td>$170,363,980</td>
</tr>
</tbody>
</table>

In addition, in any year prior to the end dates as shown above that either KPM or BFA, or its successor in interest pursuant to a Change of Use, fails to meet the Minimum Performance of 80% of the Performance Commitment set forth above for Full Time Employees and/or 100% for Direct Investment, the Company must reimburse the City a pro rata share of one tenth of the actual amount of Site Preparation Costs reimbursed to the Company or directly expended by the City or its agent, which pro rata share shall be computed as the average unweighted percentage by which the Company has failed to meet the guaranteed Minimum Performance for Full Time Employees and the Cumulative Direct Investment requirement as referenced in the chart above. The examples below demonstrate the application of this reimbursement provision.

However, if there is an Abandonment of Operations in any grant year, the Company shall not also be liable for a clawback on Change of Use in that grant year.

Any reimbursement owed by the Company to the City shall be paid to the City no later than April 1 of the year following that in which the Company failed to meet the Minimum Performance of 80% of the Performance Commitment for Full Time Employees and/or the Performance Commitment for Direct Investment.

**Example 1.** On December 31, 2025, KPM and BFA collectively have 335 or more Full-Time Employees, or 80% of the collective Minimum Performance Commitment for Full Time Employees and $170,363,980 or 100% of the Performance Commitment for Direct Investments. The Company does not owe any reimbursement of Site Preparation Costs.
Example 2. On December 31, 2031, KPM and BFA collectively have 304 Full Time Employees, or 66% of the Performance Commitment and $170,363,980 or 100% of the Performance Commitment for Direct Investments. The Minimum Performance Requirement for job creation is 80%, so the company is short of performance on that requirement by 14%. The Performance Requirement for Direct Investment has been met at 100%. Since both compliance metrics (number of jobs and amount of investment) are weighted equally for determining the overall compliance percentage, the shortfall is an average of the two shortfalls, or 7%. Thus, the Company must reimburse the City 7% of one tenth of the actual amount of Site Preparation Costs.

Example 3. On December 31, 2031, KPM and BFA collectively have 304 Full Time Employees, or 66% of the Performance Commitment for new jobs and $144,809,383 or 85% of the Performance Commitment for Direct Investments. The Minimum Performance Requirement for job creation is 80%, so the Company is short of performance on that requirement by 14%. The Performance Requirement for Direct Investment is 100%, so the Company is short of performance on that requirement by 15%. Since both compliance metrics (number of jobs and amount of investment) are weighted equally for determining the overall compliance percentage, the shortfall is an average of the two shortfalls, or 14.5%. Thus, the Company must reimburse the City 14.5% of one tenth of the actual amount of Site Preparation Costs.

Example 4. On December 31, 2031, KPM and BFA collectively have 368 Full Time Employees, or 80% of the Performance Commitment for new jobs and $144,809,383 or 85% of the Performance Commitment for Direct Investments. The Minimum Performance Requirement for job creation is 80%, so the Company has met the job creation requirement. The Performance Requirement for Direct Investment is 100%, so the Company is short of performance on that requirement by 15%. Since both compliance metrics (number of jobs and amount of investment) are weighted equally for determining the overall compliance percentage, the shortfall is an average of the two shortfalls, or 7.5%. Thus, the Company must reimburse the City 7.5% of one tenth of the actual amount of Site Preparation Costs.
EXHIBIT D

SCHEDULE FOR REDUCTION OF FUTURE INCENTIVE PAYMENTS

FOR A CHANGE OF USE

[For the sake of this example, it is assumed that the amount of each future incentive payment is $60,000 (although the exact amounts of Future Incentive Payments will be determined year by year as described in Article V), the term of the Future Incentive Payments is ten years, employment commitments are as shown below for KPM and BFA, to be phased in over time.]

In any year that the City has agreed to make Future Incentive Payments that KPM or BFA, or a successor in interest pursuant to a Change of Use, fails to meet the Minimum Performance of 80% of the Performance Commitment set forth below for Full Time Employees, the City’s payments for that year to the Company shall be reduced by a pro rata amount of that year’s payment, which pro rata share shall be computed as the percentage by which the Company has failed to meet the Minimum Performance of 80% of the Performance Commitments for Full-Time Employees and/or Direct Investment. The examples below demonstrate the application of this payment reduction provision.

Notwithstanding anything to the contrary in this Agreement, however, it is understood that KPM and BFA shall be allowed to meet the Minimum Performance commitments set forth below collectively. That is, a shortfall in Minimum Performance by either KPM or BFA individually may be offset by the other party’s over-performance relative to its Minimum Performance standards below. For example, if KPM is 3 jobs short of the Minimum Performance requirement for its job creation, but BFA is 3 jobs above the Minimum Performance for its job creation, then there would not be a breach of this Agreement. KPM’s payment would not be reduced and there would be no clawback. Additionally, if KPM is 3 jobs short of the Minimum Performance requirement for its job creation, but BFA is 2 jobs above the Minimum Performance for its job creation, then KPM would only be considered short by 1 job.

KPM CALCULATIONS

<table>
<thead>
<tr>
<th>Date</th>
<th>Performance Commitment</th>
<th>Minimum Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2022</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>December 31, 2023</td>
<td>39</td>
<td>31</td>
</tr>
<tr>
<td>December 31, 2024</td>
<td>102</td>
<td>82</td>
</tr>
</tbody>
</table>

NPRAL1:1381740.18
<table>
<thead>
<tr>
<th>Date</th>
<th>Performance Commitment</th>
<th>Minimum Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2025</td>
<td>115</td>
<td>92</td>
</tr>
<tr>
<td>December 31, 2026</td>
<td>156</td>
<td>125</td>
</tr>
<tr>
<td>December 31, 2027</td>
<td>156</td>
<td>125</td>
</tr>
<tr>
<td>December 31, 2028</td>
<td>156</td>
<td>125</td>
</tr>
<tr>
<td>December 31, 2029</td>
<td>156</td>
<td>125</td>
</tr>
<tr>
<td>December 31, 2030</td>
<td>156</td>
<td>125</td>
</tr>
<tr>
<td>December 31, 2031</td>
<td>156</td>
<td>125</td>
</tr>
</tbody>
</table>

**BFA CALCULATIONS**

<table>
<thead>
<tr>
<th>Date</th>
<th>Performance Commitment</th>
<th>Minimum Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2021</td>
<td>98</td>
<td>78</td>
</tr>
<tr>
<td>December 31, 2022</td>
<td>109</td>
<td>87</td>
</tr>
<tr>
<td>December 31, 2023</td>
<td>191</td>
<td>153</td>
</tr>
<tr>
<td>December 31, 2024</td>
<td>223</td>
<td>178</td>
</tr>
<tr>
<td>December 31, 2025</td>
<td>304</td>
<td>243</td>
</tr>
<tr>
<td>December 31, 2026</td>
<td>304</td>
<td>243</td>
</tr>
<tr>
<td>December 31, 2027</td>
<td>304</td>
<td>243</td>
</tr>
<tr>
<td>December 31, 2028</td>
<td>304</td>
<td>243</td>
</tr>
<tr>
<td>December 31, 2029</td>
<td>304</td>
<td>243</td>
</tr>
<tr>
<td>December 31, 2030</td>
<td>304</td>
<td>243</td>
</tr>
<tr>
<td>December 31, 2031</td>
<td>304</td>
<td>243</td>
</tr>
</tbody>
</table>
Example 1. On December 31, 2025, KPM has created or maintained jobs for 94 Full Time Employees. KPM’s Future Incentive Payment for that year will not be reduced.

Example 2. On December 31, 2029 BFA has created or maintained jobs for 220 Full Time Employees. BFA’s Future Incentive Payment for that year will be reduced by 9.465%, which is the percentage that 220 is short of 243.

Example 3. On December 31, 2025 KPM has created or maintained jobs for 100 Full Time Employees (6 employees over KPM’s Minimum Performance Requirement). On December 31, 2025, BFA has created or maintained jobs for 237 Full Time Employees (6 employees under BFA’s Minimum Performance Requirement). Neither KPM’s or BFA’s Future Incentive Payment will be reduced.

Example 4. On December 31, 2025 KPM has created or maintained jobs for 100 Full Time Employees (6 employees over KPM’s Minimum Performance Requirement). On December 31, 2025 BFA has created or maintained jobs for 231 Full Time Employees (12 employees under BFA’s Minimum Performance Requirement). Half of BFA’s shortfall will be backfilled by the 6 additional jobs that KPM created, leaving BFA 6 jobs short for compliance purposes. KPM’s Future Incentive Payment will not be reduced. BFA’s Future Incentive Payment for that year will be reduced by 2.469%, which is the percentage that 237 is short of 243.
30
EXHIBIT E

TIMELINE

(1) the acquisition of the right of way described in Section 3.01(a) ___2/15/20______;

(2) the completion of the water line construction described in Section 3.01(c), or if such line is not completed, provision of access to public water by some other means, by ___7/1/2020______;

(3) the completion of the sewer line construction described in Section 3.01(b), or if such line is not completed, provision of access to public sewer by other means, by ___7/1/2020______; and

(4) the completion of the road construction within the Site described in Section 3.01(d) ______7/1/2020______.

(5) graded pad by 1/15/20.
Consider Update on the Police Initiative in
Downtown Sanford from Kelli Laudate,
DSI Executive Director
RESOLUTION IN SUPPORT OF THE TEMPORARY CLOSURE OF A
PORTION OF MOORE STREET FOR THE PURPOSE OF
A COMMUNITY- TREE – TRAIN LIGHTING

WHEREAS, Kelli Laudate, event coordinator, formally requests the temporary
closure of the following street:

S Moore St between Wicker St and Carthage St

WHEREAS, said temporary closure would occur on Friday, December 6, 2019,
between the hours of 2:00 PM and 10:00 PM.; and

WHEREAS, General Statute 160A-296 (a) (4) authorizes the Council for the City
of Sanford to temporarily close streets for such purposes, and

WHEREAS, the City of Sanford, has no objection to said event occurring
between the stated hours on said date;

NOW THEREFORE BE IT RESOLVED, THAT the City of Sanford Police
and Public Works Departments are directed to close the above said streets on Friday
December 6th, 2019 between the hours of 2:00 PM and 10:00 PM.

     Adopted this 15th day of October, 2019.

__________________________________________
     T. Chet Mann, Mayor

ATTEST:

__________________________________________
     Bonnie Davis, City Clerk

__________________________________________
     Susan Patterson, City Attorney
Temporary Street Closures

Date: 10/10/2019
Scale: Not to Scale
Drawn By: Staff
RESOLUTION IN SUPPORT OF THE TEMPORARY CLOSURE OF PORTIONS OF SEVERAL STREETS FOR THE PURPOSE OF THE SANFORD SLOTH EVENT AND RACE

WHEREAS, Tim Emmert, spokesperson for and acting on behalf of Hugger Muggers Brewing Company formally request the temporary closure of portions of the following streets:

- S. Steele Street from Wicker Street to Cole Street
- Cole Street from S. Steele Street to Horner Blvd.
- The Public Parking Lot at intersection of Cole St & Steele St

for the purpose of The Sanford Sloth Event and race; and fundraiser for autism. and

WHEREAS, said temporary closures would occur on Saturday, November 16th, 2019, between the hours of 9:00 AM and 7:00 PM; and

WHEREAS, General Statute 160A-296 (a) (4) authorizes the Council for the City of Sanford to temporarily close streets for such purposes, and

WHEREAS, the City of Sanford, has no objection to said event occurring between the stated hours on said date;

NOW THEREFORE BE IT RESOLVED, THAT the City of Sanford Police and Public Works Departments are directed to close the above said streets on Saturday November 16th, 2019 between the hours of 9:00 AM and 7:00 PM.

Adopted this 15th day of October 2019.

T. Chet Mann, Mayor

ATTEST:

Vicki Cannady, Deputy City Clerk

Susan Patterson, City Attorney
Temporary Street Closures

Temporary closures are in effect for the following streets and areas:

- HUGGER BREWERY ALLEY
- PUBLIC PARKING LOT CLOSED

Barricades are in place at the following locations:

- COLE ST
- WICKER ST

Race route is marked for guidance.
Dear Mr. Lawrence,

Yesterday we received our police permit for the Sanford Sloth event on November 16, 2019. Attached was a set of Street Closing Procedures including a letter to the Street Division - thus the reason for this letter.

The Sanford Sloth is a fundraiser festival for causes serving those with autism. This year's funds raised will go toward the classrooms for exceptional children at Lee County Schools. The Sanford Sloth will take place on Saturday, November 16th from noon to 5pm. We are requesting the streets close from 10:00am-7:00pm including Steele Street from the intersection of Wicker Street through the intersection with Cole Street. Cole Street from the intersection with Horner Boulevard through the intersection with Steele Street. Public parking at the intersection of Wicker and Cole streets.

Attached please find supporting materials including map of area, application and signatures. If I can be of further assistance my contact information is included here.

Thank you.

Tim Emmert
tim@hugermuggerbrewing.com
910 585 2749
When is it?
Saturday, November 16th starting at noon.

What is it?
A day of food & fun! There is a food truck rodeo planned for noon to 5pm with a vendor fair concurrent to that & activities planned throughout the afternoon including recliner racing, big vendor fair, everyone’s favorite doughnut gauntlet & the world famous .3k "race". There is no cost to attend but participation in the contests carries a small pricetag. Among the activities that day:

Recliner Racing (noon to 2pm) - Steele Street between Wicker & Cole will be closed off for recliner racing. Registration from noon to 1pm. Races start at 1pm. Recliners are provided and tricked out by sponsors Dossenbachs, Stanley’s and Hugger Mugger Brewing. Two person teams must register for $25 for a chance to win the coveted recliner cup!

Food Truck Rodeo & Vendors (Noon-5pm) - Food trucks food trucks food trucks! There’s a rodeo afoot, folks! Mostly on site at the brewery and some Steele street, vendors in public parking area.

.3k Race (3pm) - We gather in the beer garden to start the 1,000 foot race of your life! Go at your own speed. No requirement to finish. Prizes will be awarded for best pajamas worn by racers.

Doughnut Gauntlet (4pm) - Are you a gluten for punishment? That’s right, we said it. Come test your mettle in a race against your waistline. Are there even any winners?

Why is it?
The Sloth is a fundraiser for causes serving persons with autism sponsored by Team Thompson Twins & Hugger Mugger Brewing. This year the proceeds of the Sloth go to improvements for the classrooms for exceptional children at Lee County Schools.
RESOLUTION IN SUPPORT OF THE TEMPORARY CLOSURE OF PORTIONS
OF SEVERAL STREETS FOR THE CENTRAL CAROLINA JAYCEES 2019
SANFORD CHRISTMAS PARADE

WHEREAS, the Central Carolina Jaycees formally request the temporary closure
of portions of the following streets:

1) Wicker St from Carthage Street to U.S 1 beginning at 6 pm and ending after the last
parade entrant enters the official parade route
2) The official parade route: Wicker Street to Steele Street, Steele street to Carthage
Street, and Carthage Street to Wicker Street at 6:30 pm
3) Tryon Street beginning at 6 pm and ending at 8 pm
4) The section of Park Avenue from Carthage Street to Tryon Street Beginning at 6 pm
and ending after the last parade entrant leaves the official parade route.

where they intersect with Wicker Street and/or Carthage Street; along with Wicker Street and
Carthage Street;

WHEREAS, the purpose of said temporary closures will be for the Central Carolina
Jaycees 2019 Sanford Christmas Parade; and

WHEREAS, said temporary closure would occur on Monday, December 2nd, 2019,
between the hours of 5:30 PM and 8:30 PM or until such time as deemed safe by the City of
Sanford Police Department; and

WHEREAS, General Statute 160A-296 (a) (4) authorizes the Council for the City of
Sanford to temporarily close streets for such purposes; and

WHEREAS, the City of Sanford, has no objection to said event occurring between the
stated hours on said date;

NOW THEREFORE BE IT RESOLVED, THAT the City of Sanford Police and
Public Works Departments are directed to close the above said streets on December 2nd, 2019
between the hours of 5:30 PM and 8:30 PM or until such time as deemed safe by the City of
Sanford Police Department.

Adopted this 15th day of October, 2019.

________________________________________
T. Chet Mann, Mayor

ATTEST:

________________________________________
Bonnie Davis, City Clerk

________________________________________
Susan Patterson, City Attorney
Central Carolina Jaycees

Sanford Christmas Parade
Sanford, NC
Monday, December 2, 2019
5:00 pm to 11:00 pm

Staging Areas

Parade Route

Map created by City of Sanford Engineering Department October 2019
Central Carolina Jaycees

Sanford Christmas Parade Detour

Sanford, NC
Monday, December 2, 2019
5:00 pm to 11:00 pm

Parade Route
Staging Areas

Map created by City of Sanford Engineering Department October 2019
August 30, 2019

City of Sanford
225 E. Weatherspoon St.
Sanford, NC 27330

To Whom It May Concern:

The Central Carolina Jaycees are managing the Sanford Christmas Parade again this year. The parade is scheduled for Monday, December 2 at 7 pm.

The parade route will begin at the corner of Carthage Street and Wicker Street. The parade will head east on Wicker Street, turn north onto Steele Street, then west onto Carthage Street, and end back at the corner of Carthage Street and Wicker Street.

Staging for the parade will take place at St. Luke UMC on the corner of Wicker Street and N. Currie Drive. Parade entrants will line up along Wicker Street between Carthage Street and U.S. Hwy 1.

We request the following street closings for vehicle traffic:

1. Wicker Street from Carthage Street to U.S. 1 beginning at 6 pm and ending after the last parade entrant enters the official parade route.
2. The official parade route: Wicker Street to Steele Street, Steele Street to Carthage Street, and Carthage Street to Wicker Street beginning @ 6:30 pm
3. Tryon Street beginning at 6 pm and ending at 8 pm
4. The section of Park Avenue from Carthage Street to Tryon Street beginning at 6 pm and ending after the last parade entrant leaves the official parade route

The Certificate of Liability will be sent to you from Nationwide Insurance Company under separate cover. It should arrive within two weeks.

I am available for any necessary discussions and meetings. The Central Carolina Jaycees look forward to another great parade!

Sincerely,

Gina Guerrero
(919) 353-2108
Central Carolina Jaycees
RESOLUTION DIRECTING THE CLERK TO INVESTIGATE
A PETITION FOR NON-CONTIGUOUS ANNEXATION
UNDER G.S. 160A-58.1

WHEREAS, a petition requesting a non-contiguous annexation of an area described in said petition as property owned by Lee County (Tax Property Identification Numbers: 9655-21-2728-00) was received on October 11, 2019 by the City of Sanford; and

WHEREAS, G.S. 160A-58.2 provides that the sufficiency of the petition shall be investigated by the City Clerk before further annexation proceedings may take place; and

WHEREAS, the Sanford City Council deems it advisable to proceed in response to this request for annexation.

NOW, THEREFORE, BE IT RESOLVED by the Sanford City Council that:

The City Clerk is hereby directed to investigate the sufficiency of the above described petition and to certify as soon as possible to the City Council the result of her investigation.

ADOPTED this 15th day of October 2019.

________________________
T. Chet Mann, Mayor

ATTEST:

______________________________
Bonnie Davis, City Clerk
PETITION REQUESTING NON-CONTIGUOUS ANNEXATION OF PROPERTY TO
THE CITY OF SANFORD, NC

Date: October 11, 2019

To the City Council of the City of Sanford:

1. We the undersigned owners of real property respectfully request that the area described in paragraph 2 below be annexed to the City of Sanford, NC.

2. The area to be annexed is non-contiguous to the City of Sanford and the boundaries of such territory are as follows:

   (See attached - Provide metes and bounds description of boundaries on separate page)*

3. A map is attached showing the area proposed for annexation in relation to the primary corporate limits of the City of Sanford. (and in relation to the primary corporate limits of the Town of Broadway.)**

4. We acknowledge that any zoning vested rights acquired pursuant to G.S. 160A-385.1 or G.S. 153A-344.1 must be declared and identified on this petition. We further acknowledge that failure to declare such rights on this petition shall result in a termination of vested rights previously acquired for the property. (If zoning vested rights are claimed, indicate below and attached proof.)

   Do you declare vested rights? Yes__ No X__

   Name

   Address

   Signature

1. Lee County, NC  
   PO Box 1968, Sanford NC 27331

2. 192 Tabitha Lane Sanford, NC 27330 (PIN 9055-2728-00)

   Lee County Corporation

   Amy M Dalrymple
   President

   Jennifer Samble
   Secretary

   (Seal)

*The City of Sanford requires that the petitioner submit an annexation boundary survey of the property to be annexed along with a metes and bounds description.

**Include this wording when there is substantial question as to whether the area may be closer to another municipality than to The City of Sanford.
Beginning at a point at the corner of Cherokee Land Co. at Amos Bridges Rd (MB 18 PG 76), said point having NC grid coordinates (NAD 83 - 2011) of N=650,232.7025, E=1,951,510.7677, thence from said Beginning point North 01°43'31" East 2,239.24 feet to an existing rebar, thence North 00°46'23" East 978.99 feet to an existing rebar, thence South 88°54'35" East 1,118.67 feet to an existing rebar, thence South 88°36'32" East 212.54 feet to an existing bent iron pipe, thence South 01°31'07" West 456.40 feet to an existing iron pipe, thence South 01°26'18" West 166.62 feet to an existing bent iron pipe, thence South 01°37'23" West 167.01 feet to an existing iron pipe, thence South 01°16'06" West 166.83 feet to an existing iron pipe, thence South 01°35'55" West 164.16 feet to a point, thence South 02°20'12" West 252.77 feet to a point, thence South 02°19'58" West 85.96 feet to a point, thence South 02°19'58" West 166.92 feet to an existing bent iron pipe, thence South 02°34'32" West 166.89 feet to an existing iron pipe, thence South 00°11'53" West 151.65 feet to an existing axle, thence South 00°17'30" West 15.31 feet to an existing iron pipe, thence South 01°57'52" West 314.89 feet to an existing iron pipe, thence South 02°23'40" West 950.46 feet to a new iron pipe, thence North 88°32'22" West 241.72 feet to an existing rebar, thence North 87°14'04" West 478.59 feet to an existing iron pipe, thence North 89°36'41" West 583.42 feet to the point and place of beginning containing 97.259 acres (4,236,607 sq ft) more or less.
Petition for Non-Contiguous Annexation
Of Lee County Property of Tabitha Lane

Parcel for Consideration
Tax PIN: 9655-21-2728-00
AN ORDINANCE AMENDING THE ANNUAL OPERATING BUDGET
OF THE CITY OF SANFORD FY 2019-2020

BE IT ORDAINED by the City Council of the City of Sanford, North Carolina in regular session assembled.

Section 1: The following amounts are hereby amended to ordinance 2019-37 per G. S. 159-15 for the continued operation of the City of Sanford, its government, and activities for the balance of the fiscal year 2019-2020.

### GENERAL FUND

**APPROPRIATION OF FUNDS**

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>100120 50325 Foundation Grant</td>
<td>10,000</td>
</tr>
<tr>
<td>100045 54000 Appropriated Fund Balance</td>
<td>6,537</td>
</tr>
<tr>
<td></td>
<td>10025300 00000 Fire</td>
</tr>
</tbody>
</table>

**Total Appropriation** $16,537

Section 2. This ordinance shall be in full force and effective from and after the date of its adoption.

ADOPTED this, the 15th day of October, 2019.

____________________________________
T. Chet Mann, Mayor

ATTEST:

____________________________________
Bonnie Davis, City Clerk
2019-2020 BUDGET ORDINANCE AMENDMENT

GENERAL FUND

Appropriation of Funds - results in increasing of budget

REVENUES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundation Grant</td>
<td>10,000</td>
<td>To appropriate grant received from the Duke Energy Foundation</td>
</tr>
<tr>
<td>Appropriated Fund Balance</td>
<td>6,537</td>
<td>To appropriate fund balance for item described below</td>
</tr>
</tbody>
</table>

EXPENDITURES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire</td>
<td>10,000</td>
<td>To budget funds to purchase rescue equipment</td>
</tr>
<tr>
<td>Fire</td>
<td>6,537</td>
<td>Additional funds required for CCEP Northview Fire Contract</td>
</tr>
</tbody>
</table>
GRANT PROJECT ORDINANCE AMENDMENT

PROJECT FORGE – INFRASTRUCTURE IMPROVEMENTS

BE IT ORDAINED by the City Council of the City of Sanford, North Carolina that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, grant project ordinance #2019-84 is hereby amended:

Section 1: The project authorized is for infrastructure improvements to Project Forge. This project is to be financed through grant funds and reserves.

Section 2: The officers of this unit are hereby directed to proceed with the grant project within the terms of the grant documents, and the budget contained herein.

Section 3: The following amounts are appropriated for the project:

| Project Forge       | $1,500,000 |

Section 4: The following revenues are anticipated to be available to complete this project:

| Golden LEAF Foundation Grant | $1,500,000 |

Section 5: The Finance Officer is hereby directed to maintain within the Grant Project Fund sufficient specific detailed accounting records to satisfy the requirements of the grantor agency, the grant agreements, and state / federal regulations.

Section 6: Funds may be advanced from the Utility Fund for the purpose of making payments as due. Reimbursement requests should be made to the grantor agency in an orderly and timely manner.

Section 7: The Finance Officer is directed to report, on a quarterly basis, on the financial status of each project element in Section 3 and on the total revenues received and claimed.

Section 8: The Finance Officer is directed to include in the annual budget information projects authorized by previously adopted project ordinances which will have appropriations available for expenditure during the budget year.

Section 9: Copies of this grant project ordinance shall be furnished to the Clerk to the City Council and the Finance Officer for direction in carrying out this project.

ADOPTED this, the 15th day of October, 2019.

________________________________________
T. Chet Mann, Mayor

ATTEST:

________________________________________
Bonnie Davis, City Clerk
The Golden LEAF Foundation ("Golden LEAF")

GRANTEE ACKNOWLEDGMENT AND AGREEMENT

1. Grantee: City of Sanford

2. Project File Number & Title: FY2020-022 / City of Sanford Project Forge Infrastructure Improvements

3. Purpose of Grant: This grant provides funding to the City of Sanford to construct public infrastructure to support Project Forge, which is comprised of subsidiaries of Kalyani Group, an Indian auto part manufacturer. Project Forge plans to open a combined machining and forging facility in Lee County. The company will make a capital investment of approximately $170 million and create 460 new jobs with an average annual wage of over $47,500 compared to the Lee County average of $41,567. Golden LEAF funds will be used for sewer infrastructure which has a total cost of approximately $4 million.

4. Amount of Grant: $1,500,000.00

5. Award Date: 8/1/2019

6. Special Terms and Conditions Applicable to Grant:
   a) The term of the grant is 16 months, commencing on the Award Date unless the Grantee proposes a later Start Date that is accepted by Golden LEAF. Golden LEAF may extend the term of the Grant. All project-related expenses must be incurred during the term of the grant. The provisions of this Grantee Acknowledgment and Agreement that by their nature extend beyond the term of the grant will survive the end of the term of the grant.
   b) Golden LEAF funds are to be used for costs related to constructing and improving public wastewater infrastructure that is owned by the Grantee and that is needed for the project. The infrastructure must be located on property that is publicly owned or controlled and must have the capacity to serve the Kalyani Group or its affiliates or subsidiaries, including, without limitation, Bharat Forge Aluminum USA, Inc. and Kalyani Precision Machining, Inc. (collectively, the "Company"), and the public.
   c) Release of grant funds is contingent upon the Grantee demonstrating that it has secured sufficient funds for the infrastructure necessary for this project.
   d) Release of funds is contingent on the Grantee providing evidence that the Company has agreed to allow the Grantee and Golden LEAF to verify the Company’s job creation and retention figures, wages, and benefits by reviewing NCUI-101 forms and/or through other means satisfactory to Golden LEAF.
   e) Release of funds is contingent on the Grantee providing evidence of an inducement agreement, performance agreement, or similar agreement demonstrating that the Company is obligated to create at least 368 jobs at the Company’s facility served by the infrastructure supported by this grant. The committed jobs are expected to be comprised of at least 243 jobs at Bharat Forge Aluminum USA, Inc. paying an average annual wage of $42,350 and at least 125 jobs at Kalyani Precision Machining, Inc. paying an average annual wage of $43,193. The jobs must provide benefits including at least 50% of the cost of employee-only health insurance. The jobs must be created no later than the end of 2026. The agreement must include appropriate consequences should the Company fail to satisfy its obligations. The President of the Foundation may approve minor variations to these requirements.
7. Standard conditions on the release of grant funds:
   a) Release of grant funds is contingent on Grantee attending a Golden LEAF grants management workshop or participating in satisfactory discussions with Golden LEAF staff to gain training in the management of Golden LEAF grants and reporting requirements.
   b) Release of funds is contingent on Grantee returning a fully executed original of this Grantee Acknowledgment and Agreement no later than forty-five (45) days after the Award Date, unless Golden LEAF agrees to extend the deadline for its submission.
   c) Release of funds is contingent on Grantee submitting a project management plan ("PMP") that Golden LEAF has approved. The PMP must be submitted for approval within forty-five (45) days of the Award Date, unless Golden LEAF agrees to extend the deadline. Unless otherwise approved, the PMP must be submitted on Golden LEAF form(s). The PMP will include key activities that are critical to successful implementation of the grant and outcomes that will be used to assess the success and effectiveness of the project.
   d) Release of funds is contingent on the Grantee submitting a project budget for approval by Golden LEAF. The project budget must be submitted for approval within forty-five (45) days of the Award Date unless Golden LEAF agrees to extend the deadline. Unless otherwise approved, the project budget must be submitted on Golden LEAF form(s).
   e) If the approved project budget includes funds from other sources that are required for project implementation, Golden LEAF grant funds will not be released until Grantee demonstrates that it has secured those funds.
   f) Golden LEAF grant funds may not be used for acquisition of interests in real property or for costs of grant administration.
   g) If the Grantee fails to comply with its obligations under this Agreement, no further grant funds will be released unless such noncompliance is resolved to the satisfaction of Golden LEAF.

8. Confirmation of Eligibility/Permissible use of Funds: The Grantee confirms: (1) that the Internal Revenue Service has determined that the Grantee is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and that such determination has not been revoked, or (2) that the Grantee is a federal, state or local governmental unit. Grantee agrees to notify Golden LEAF promptly if the Grantee’s tax-exempt status is revoked or modified in any way. The Grantee agrees that it will use the funds from this grant only for charitable, educational, or scientific purposes within the meaning of Section 501(c)(3) of the Code, and that it will not use the funds from this grant in any way that would result in or give rise to private inurement or impermissible private benefit. The Grantee agrees that no funds from this grant will be used to carry on propaganda or otherwise to attempt to influence legislation, to influence the outcome of any public election, or to carry on directly or indirectly any voter registration drive. If grant funds are used to pay for sales tax for which the Grantee receives a refund, Grantee will use the refund for expenses that are consistent with the purpose of the grant and permissible under this Agreement. Unless otherwise agreed by Golden LEAF in writing, no portion of the Grantee’s rights or obligations under this Agreement may be transferred or assigned to any other entity.

9. Compliance with laws/liens: The Grantee is in material compliance with all federal, state, county, and local laws, regulations, and orders that are applicable to the Grantee, and the Grantee has timely filed with the proper governmental authorities all statements and reports required by the laws, regulations, and orders to which the Grantee is subject. There is no litigation, claim, action, suit, proceeding or governmental investigation pending against the Grantee, and there is no pending or (to the Grantee’s knowledge) threatened litigation, claim, action, suit, proceeding or governmental investigation against the Grantee that could reasonably be expected to have a material adverse effect upon the Grantee’s ability to carry out this grant in accordance with its terms. The Grantee has timely paid all judgments, claims, and federal, state, and local taxes payable by the Grantee the non-payment of which might result in a lien on any of the Grantee’s assets or might otherwise adversely affect the Grantee’s ability to carry out this grant in accordance with its terms.
10. Conflict of interest: In connection with the project funded by Golden LEAF, no employee, officer, director, volunteer, or agent of the Grantee shall engage in any activity that involves a conflict of interest or that would appear to a reasonable person to involve a conflict of interest. Without limiting the foregoing principle, except as described below, in connection with implementation of the project funded by Golden LEAF, Grantee shall not procure goods or services from any Interested Person or from any individual or entity with which any Interested Person has a financial interest or from any family member of an Interested Person, nor shall Grantee use Golden LEAF grant funds to provide goods, services, or compensation (other than customary and reasonable wages and benefits) to any Interested Person or to any family member of an Interested Person. “Interested Person” includes officers and directors of the Grantee, and employees of the Grantee with authority to procure goods or services for the Grantee related to the project funded by Golden LEAF. For purposes of this section, family members shall include: (1) spouse, (2) ancestor, (3) brother, (4) half-brother, (5) sister, (6) half-sister, (7) child (whether by birth or by adoption), (8) grandchild, (9) great grandchild, or (10) spouse of brother, half-brother, sister, half-sister, child, grandchild, or great grandchild. An Interested Person has a financial interest if the Interested Person has, directly or indirectly, through business, investment, or family: a) an ownership or investment interest in any entity with which the Grantee has a transaction or arrangement; b) a compensation arrangement with the Grantee or with any entity or individual with which the Grantee has a transaction or arrangement; or c) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Grantee is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. An Interested Person must inform the Grantee of his or her financial interest upon becoming aware that the Grantee is considering procuring goods or services from any individual or entity with which any Interested Person has a financial interest. The foregoing notwithstanding, if after exercising due diligence, the governing board or committee of the Grantee determines that the Grantee is not reasonably able to secure a more advantageous transaction or arrangement from an individual or entity with which an Interested Person does not have a financial interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Grantee’s best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination the Grantee shall make its decision as to whether to enter into the transaction or arrangement and shall keep written records of the meeting at which that decision was made. The Grantee shall inform all Interested Persons of the requirements set forth in this section. If the requirements set forth in this section conflict with any statute or regulation applicable to the Grantee, the statute or regulation shall control. If the Grantee has a conflict of interest or similar policy that provides more stringent restrictions and protections than those in this section, the Grantee may comply with its policy rather than the policy contained herein. This section does not alter the requirement that Grantee may not use the funds from this grant in any way that would result in or give rise to private inurement or impermissible private benefit.

11. Procurement: All goods or services acquired using Golden LEAF grant funds must be reasonably necessary to implement the project funded. All procurement transactions involving the use of Golden LEAF grant funds will be conducted to provide, to the extent possible and reasonable, free and open competition among suppliers. The Grantee should use reasonable efforts to procure goods and services from local businesses, small businesses, minority-owned firms, and women’s business enterprises. The Grantee will seek competitive offers where possible and reasonable to obtain the best possible quality at the best possible price. Some form of cost or price analysis shall be made and documented in connection with every individual procurement in excess of $1,000.00. Price analysis may be accomplished in various ways, including the comparison of price quotations or market prices, including discounts. For any single procurement of $100,000.00 or more, Grantee will use a competitive bid process that is designed to attract a reasonable number of responsive bidders. The requirements of the bid process may vary depending on the value of the procurement. When evaluating bids received, the Grantee is not required to take the lowest price if other factors are reasonably important to the Grantee; however, the bases for evaluation and selection should be listed in the procurement documents and there should be an objective method for the decision made by the Grantee. The decision should be documented in writing. If the Grantee is subject to statutory or regulatory procurement requirements, those requirements supersede this section. The Grantee may
request that the President of Golden LEAF approve the Grantee’s use of a procurement policy that varies from the requirements of this section.

12. Project and budget modification: The Grantee will immediately notify Golden LEAF of anything that may materially affect the Grantee’s ability to perform the project funded. If the Grantee proposes to modify the budget, the objectives, or any other feature of the project funded, the Grantee shall not encumber or expend any funds from this grant for such purposes unless and until Golden LEAF has approved such proposed modifications in writing. Moreover, no further payments shall be made to the Grantee in connection with the project funded unless and until Golden LEAF has approved such proposed modifications in writing.

13. Use of grant funds/rescission and termination of grants: The Grantee accepts and will retain full control of the disposition of funds awarded to the Grantee by Golden LEAF under this grant and accepts and will retain full responsibility for compliance with the terms and conditions of the grant. Grant funds shall be utilized exclusively for the purposes set forth above. If the Grantee breaches any of the covenants or agreements contained in this Grantee Acknowledgment and Agreement, uses grant funds for purposes other than those set out above, or any of the representations and warranties made by the Grantee are untrue as to a material fact, the Grantee agrees to repay to Golden LEAF the full amount of this grant. Any condition, purpose, term or provision in Golden LEAF’s resolution approving funding or in this Agreement shall take precedence over any conflicting provision in the Grantee’s application. Grantee shall not use grant funds for any purpose not included in the Grantee’s application for funding unless specifically approved by Golden LEAF. If there is a conflict between the purpose of the grant and use of grant funds described in this Grantee Acknowledgment and Agreement and the Grantee’s application for funding, this Grantee Acknowledgment and Agreement will control.

14. The Grantee acknowledges receipt of the following policy regarding termination and rescission of grants, which is intended to supplement but not replace or limit the rights and remedies of Golden LEAF set forth elsewhere in this Agreement. The Grantee acknowledges that Golden LEAF may, from time to time, amend its policy regarding termination and rescission of grants, and the Grantee acknowledges that the Grantee will be subject to the policy as amended.

Policy Regarding Rescission and Termination of Grants. Rescission of a grant revokes the grant award. When funds have been disbursed to a Grantee by Golden LEAF and a grant is rescinded, the Grantee may be liable for repayment to Golden LEAF for an amount up to the total of grant funds received by the Grantee, in addition to any other remedy available to Golden LEAF. Termination of a grant ends the grant on a going-forward basis, and the Grantee is responsible for repayment to Golden LEAF of only that portion of the grant funds that has been disbursed but not expended by the Grantee in accordance with the terms of the grant.

A grant may be rescinded or terminated at any time in the discretion of Golden LEAF for the Grantee’s failure to comply with its obligations under this Agreement or if any of the Grantee’s representations and warranties in this Agreement are or become untrue as to a material fact. Reasons for rescission or termination of a grant include but are not limited to the following:

a. The Grantee has not signed and delivered to Golden LEAF the Grantee Acknowledgment and Agreement within forty-five (45) days of the Award Date set out in Section 5, above.

b. The Grantee has failed to complete the project within the grant term established by this Agreement or any extensions thereof.

c. The Grantee’s tax-exempt status has been modified or revoked.

d. The Grantee is unable, or has failed or refused, to comply with a material term or condition of the grant.
e. The Grantee has experienced a change in circumstances that is likely to have a material adverse effect upon the Grantee’s ability to accomplish fully the purposes of the grant (e.g., loss of collateral funding, loss of key personnel, etc.).

f. The Grantee has failed or refused to submit a report, statement, accounting or return required by this Agreement or applicable law.

g. The Grantee has materially modified its budget for the project, and such material modification has not been approved by Golden LEAF.

h. The Grantee commits a material violation of the Internal Revenue Code or uses grant funds for some purpose not permitted by the Internal Revenue Code or for some purpose not contemplated by the grant.

i. The Grantee breaches any of the covenants or agreements contained in this Grantee Acknowledgment and Agreement.

j. The Grantee requests that the grant be rescinded or terminated.

It is anticipated that a grant will be rescinded in situations in which no grant funds have been disbursed. Where grant funds have been disbursed, it is anticipated that a grant will be rescinded in the case of more serious violations (including, without limitation, use of grant funds for some purpose not contemplated by the grant or in violation of the Internal Revenue Code, or upon other affirmative misconduct of the Grantee), and that termination of a grant will occur in the case of the less serious instances of non-compliance or where the circumstance giving rise to termination is not the result of misconduct of the Grantee.

If the Board of Directors of Golden LEAF determines that a grant should be rescinded or terminated, Golden LEAF will notify the Grantee of that decision. Golden LEAF may choose to notify the Grantee that the grant is subject to rescission or termination unless the Grantee remedies the noncompliance, and Golden LEAF may establish deadlines or other limitations on the Grantee’s opportunity to remedy the noncompliance. If Golden LEAF allows the Grantee the opportunity to correct the noncompliance, no further grant funds shall be advanced until the noncompliance is remedied.

15. Release of Funds: Unless otherwise agreed by Golden LEAF, up to twenty percent (20%) of funds may be released in advance after all conditions on the release of funds are satisfied. Funds may be released in additional advances of up to twenty percent (20%) of the grant amount upon receipt of evidence satisfactory to Golden LEAF that funds previously released have been properly expended and accounted for. Funds may also be released on a reimbursement basis, in which case payments may be made in an amount equal to or up to eighty percent (80%) of the grant amount upon receipt of evidence satisfactory to Golden LEAF that funds have been properly expended and accounted for. Unless otherwise approved by the President of Golden LEAF, a sum equal to twenty percent (20%) of the total amount of the grant will be retained by Golden LEAF until the Grantee completes its obligations under this grant, including submission of a satisfactory final report on the project funded. This final twenty percent (20%) retained by Golden LEAF shall be paid to the Grantee on a reimbursement basis. If the grant is conditional or contingent, all conditions and contingencies must be met before any payment will be made. Each request for payment shall be in writing using the approved Golden LEAF form and shall certify that the Grantee has performed in accordance with the terms and provisions of its Grantee Acknowledgment and Agreement, and that such Grantee is entitled under the terms of such Agreement to receive the amount so requested. Each request should be made to President, The Golden LEAF Foundation, 301 N. Winstead Avenue, Rocky Mount, NC 27804. Payment should not be requested until the Grantee has need for actual expenditures of the funds. The Grantee should request payment at least thirty (30) days prior to its desired payment date.

16. Reporting: The Grantee agrees to submit a progress report to Golden LEAF biannually, to be received by Golden LEAF six months from the date of award and every six months thereafter unless some other schedule is approved by Golden LEAF. The Grantee agrees to submit a final Progress Report for receipt by Golden LEAF within sixty (60) days after the completion of all obligations for the project funded or the end date, whichever comes first. The Grantee may be required to report results and accomplishments to Golden LEAF for a period beyond the grant term that is reasonably necessary to evaluate the outcomes of the grant. Report forms may be
found on Golden LEAF’s website, www.goldenleaf.org. The Grantee will furnish additional or further reports if requested by Golden LEAF on forms prescribed by Golden LEAF.

17. Records: The Grantee agrees to maintain full, accurate and verifiable financial records, supporting documents, and all other pertinent data for the project funded in such a manner so as to identify and document clearly the activities and outcomes of the project funded and the expenditure of Golden LEAF grant funds. Financial records regarding Golden LEAF’s grant shall maintained in such a way that they can be reported separately from monetary contributions, or other revenue sources of the Grantee. The Grantee agrees to retain all financial and programmatic records, supporting documents, and all other pertinent records related to the project funded for a period of five (5) years from the end of the grant term. In the event such records are audited, all project records shall be retained beyond such five-year period until all audit findings have been resolved. The Grantee shall provide to Golden LEAF copies of all financial and other records requested by Golden LEAF and shall make available to Golden LEAF, or Golden LEAF’s designated representative, all of the Grantee’s records that relate to the grant, and shall allow Golden LEAF or Golden LEAF’s representative to audit, examine and copy any data, documents, proceedings, records and notes of activity relating to the grant. Access to these records shall be allowed upon request at any time during normal business hours and as often as Golden LEAF or its representative may deem necessary. The Grantee may be subject to audit by the State Auditor.

18. This Section 18 is applicable if the following blank is marked: _____ Staff Initials & date: __________  

Intellectual property/new developments: In consideration of its receipt of funds granted by Golden LEAF, the Grantee agrees that during the course of the project funded by the grant, the Grantee, and any recipient of grant funds, will promptly disclose to Golden LEAF any improvements, inventions, developments, discoveries, innovations, systems, techniques, ideas, processes, programs, and other things, whether patentable or unpatentable, that result from any work performed by or for the Grantee in connection with the project funded, or by individuals whose work is funded by the grant (the “New Developments”). If the Grantee provides to Golden LEAF a copy of any Invention Disclosure Reports it receives from Grantee employees that report making inventions under this Agreement, then the Grantee will be deemed to have satisfied the disclosure requirement in the preceding sentence.

The Grantee agrees that it, and any recipient of grant funds, shall take all reasonably appropriate actions to assure that the New Developments shall be and remain the sole and exclusive property of the Grantee. In the event that the interests of the public would be served by commercialization of the New Developments, the Grantee agrees to use its best reasonable efforts to pursue the commercialization of any such New Developments in a manner that will serve the interests of the public, including but not limited to the transfer, assignment or licensing of such New Developments; provided, however, that the Grantee, and any recipient of grant funds, shall not transfer, assign or license such New Developments in part or in whole without first having obtained the written consent of Golden LEAF.

Any revenue generated as a result of transferring, assigning, or licensing New Developments will be managed by the Grantee in accordance with its published patent, copyright and technology transfer procedures, if any, and in the absence of such procedures such revenue will be managed by the Grantee in accordance with procedures approved by Golden LEAF. Such procedures typically will prioritize the distribution of revenues to ensure that the Grantee first honors its obligation to its inventors and then to cover its own out-of-pocket expenses as necessary to protect its intellectual property.

The Grantee and Golden LEAF further agree that should there be any revenue generated greater than that necessary to meet the obligations of the preceding paragraph (“Net Revenue”), the Net Revenue shall be managed by the Grantee as follows:
15% of the Net Revenue will be retained by the Grantee as a fee for the management and distribution of funds as required under this Agreement.

b) 30% of the remaining Net Revenue will be paid to Golden LEAF.

c) 70% of the remaining Net Revenue will be retained by the Grantee and used in accordance with the procedures referenced in the preceding paragraph above.

The Grantee's obligations pursuant to this Section will continue beyond the expiration of the funding period.

19. Independent entity: The Grantee acknowledges and agrees that the Grantee is an entity independent from Golden LEAF, is not an agent of Golden LEAF, and is not authorized to bind Golden LEAF to any agreement of payment for goods or services. The Grantee is responsible for payment of all its expenses, including rent, office expenses and all forms of compensation to employees. It shall provide workers compensation insurance to the extent required for its operations and shall accept full responsibility for payments of unemployment compensation, social security, income taxes and any other charges, taxes or payroll deductions required by law in connection with its operations, for itself and its employees. All expenses incurred by the Grantee are the sole responsibility of the Grantee, and Golden LEAF shall not be liable for the payment of any obligations incurred in the performance of the project funded.

20. Non-discrimination: The Grantee shall not discriminate by reason of age, race, ethnicity, religion, color, sex, national origin, or handicap related to the activities of a project funded by Golden LEAF.

21. Publicity: All publicity and printed materials regarding projects or activities supported in whole or in part by this grant should contain the following language: “This project received support from The Golden LEAF Foundation.” The Golden LEAF logo is to be displayed in all of the Grantee’s publicity and printed materials relating to this grant. Please contact Jenny Tinklepaugh (jtinklepaugh@goldenleaf.org) for digital versions of the logo.

22. Authority to execute/Necessary Approvals Obtained: The individual signing below certifies his or her authority to execute this Agreement on behalf of the Grantee and that the Grantee has received any third-party approval that may be required prior to entering this Agreement. By executing this Agreement, the Grantee, to induce Golden LEAF to make this grant, makes each of the representations set forth hereinabove and certifies that each of such representations is true, accurate and complete as of the date hereof.

IN WITNESS WHEREOF, the Grantee has executed this Agreement as of the date below:

Name of Grantee Organization (print): ____________________________

Signature: __________________________________________________

Name of Person Signing (print): _________________________________

Title of Person Signing (print): _________________________________
MEMORANDUM

TO: Mayor Mann and Members of Council

FROM: Paul M. Weeks Jr., P.E.

DATE: October 9, 2019

SUBJECT: Approval of design-build method selection criteria for Project Forge

In the past, the City has utilized the design-bid-build method of constructing projects. This involves procuring a designer who develops the drawings and specifications, then bidding the work and finally overseeing the contractor who was selected in the bidding process.

A second method of constructing projects is the Design-Build procurement process. In this process, a design-builder team is selected based on qualifications. At a certain point in the process, the design-build team submits a guaranteed maximum price of the project which the City can accept or reject. One of the advantages of design-build is it can be a faster process.

Staff believes design-build is the appropriate means of procurement for Project Forge site development. In order for staff to use this process, City Council must approve criteria the used in the determination.

Therefore, staff recommends City Council approves the attached design-build method selection criteria for Project Forge.
Establishment of Criteria for a Design-Build Delivery Method for Construction Contracts and Approval of Using the Design-Build Delivery Method for the Project Forge Site Preparation Project

Background

The City of Sanford will use the Design-Build method described in G.S. 143-128.1A to design and construct a building pad associated with the Project Forge Site Preparation Project.

In accordance with North Carolina statutes, 143-128.1A(b): A governmental entity shall establish in writing the criteria used for determining the circumstances under which the design-build method is appropriate for a project, and such criteria shall, at a minimum, address all the following:

1. The extent to which the governmental entity can adequately and thoroughly define the project requirements prior to the issuance of the request for qualifications for a design-builder.
2. The time constraints for the delivery of the project.
3. The ability to ensure that a quality project can be delivered.
4. The capability of the governmental entity to manage and oversee the project, including the availability of experienced staff or outside consultants who are experienced with design-build method of project delivery.
5. A good-faith effort to comply with G.S. 143-128.2, G.S. 143-128-4 and to recruit and select small business entities. The governmental entity shall not limit or otherwise preclude any respondent from submitting a response so long as respondent, itself or through its proposed team, is properly licensed and qualified to perform the work defined by the public notice issued under subsection (c) of this section.
6. The criteria utilized by the governmental entity, including a comparison of the costs and benefits of using the design-build delivery method for a given project in lieu of the delivery methods identified in subdivisions (1), (2) and (4) of G.S. 143-128(a1).

Request for Approval

The City of Sanford Public Works Department is submitting, for approval, the criteria that the City must establish to utilize this method of delivery. Additionally, Victor Czar, Public Works Director, is requesting approval to utilize the design-build method of delivery for the design and construction of the Project Forge Site Preparation Project (“Project”). To meet the request of the industrial customer, the Project completion by January 31, 2021 as well as keeping the Project price within budget, the City will use the design-build delivery method. The City believes that this method provides the City with the best value for the Project and the highest probability that these Project expectations can be achieved.
Establishment of Criteria

Criterion 1: The extent to which the governmental entity can adequately and thoroughly define the project requirements prior to the issuance of the request for qualifications for a design-builder.

Discussion: The City has demonstrated it can adequately and thoroughly define the project requirements prior to the issuance of the request for qualifications (“RFQ”) for a design-builder. The site location, location of the pad on the site and the size of the required pad will be defined prior to issuance of the RFQ.

Criterion 2: The time constraints for the delivery of the project.

Discussion: To accommodate the pending industrial development, the pad will need to be constructed no later than January 31, 2020. The design-build method represents a time efficient procurement process because the project design does not have to be completed prior to the initiation of procurement. For this Project the time saved during procurement can be time allocated to actual Project implementation activities. Secondly, because design and construction activities are overlapped and bidding periods and redesigns are eliminated, total design and construction time is significantly reduced. Design-build is amenable to fast-track techniques, as design-build materials and equipment procurement and construction work can begin before construction documents are fully complete.

A 2018 study performed by the Construction Industry Institute and the Charles Pankow Foundation – Revisiting Project Delivery Performance concluded the design-build (DB) project delivery method can deliver projects 102% faster than design-bid-build (DBB) and 61% faster than construction management at risk (CMAR) and can construct projects 36% faster than design-bid-build and 13% faster than construction management at risk.

In 1998, the Construction Industry Institute (CII) in conjunction with Penn State released a report comparing the performance of DBB, CMAR and DB project delivery systems. That reported concluded design-build delivered projects faster and less costly than CMAR or DBB. The 2018 study mentioned above was a study to repeat the same comparison as the 1998 study and answer the question- does the design-build delivery system still outperform the alternatives? The 2018 study concluded:

- The delivery speed of design-build projects has increased relative to DBB and CMAR projects
- Design-Build projects are still more reliable than DBB and CMAR projects in terms of cost and schedule growth
- On a per square foot basis, design-build projects are equivalent to or slightly less than DBB and CMAR projects

Criterion 3: The ability to ensure that a quality project can be delivered.

Discussion: The design-build method provides the ability to ensure a quality project can be delivered within the project budget constraints. In traditional design-bid-build approaches, the entire project design must be completed and bid before an owner achieves the price certainty of meeting budget constraints to achieve the quality described in the project design. If the budget constraints are exceeded, the project must be redesigned with scope of work and/or quality adjustments and re-bid to meet budget constraints. In design-build, as the design progresses, the City will control the decisions
made as to balancing scope of work, project quality and Project cost to meet budget constraints with a fully functional scope of work with the optimum level of quality allowed for available funds.

In addition, and because design-build offers a single-point of accountability for the design and construction, the City will include in its design-build agreement provisions for the design-builder to conduct performance testing and demonstrate the efficacy of the project design by meeting performance standards. This benefit is unique to design-build delivery and does not exist in DBB and CMAR delivery methods.

The City and its third-party owner technical advisor will review design submissions for scope and quality considerations and adherence to the agreed to requirements for scope and quality.

Criterion 4: The capability of the governmental entity to manage and oversee the project, including the availability of experienced staff or outside consultants who are experienced with design-build method of project delivery.

Discussion: The City has engaged an outside consultant who is experienced with the design-build method of project delivery. The City in conjunction with its owner advisor will provide for the management of the procurement and Project execution.

Criterion 5: A good-faith effort to comply with G.S. 143-128.2, G.S. 143-128-4 and to recruit and select small business entities. The governmental entity shall not limit or otherwise preclude any respondent from submitting a response so long as respondent, itself or through its proposed team, is properly licensed and qualified to perform the work defined by the public notice issued under subsection (c) of this section.

Discussion: The City will include in the design-build RFQ, a requirement that each respondent make a good faith effort to comply with G.S. 143-128.2, G.S. 143-128-4 and to recruit and select small business entities. In addition, the City will include in the design-build agreement an obligation that the design-builder make a good faith effort to comply with G.S. 143-128.2, G.S. 143-128-4 and to recruit and select small business entities.

Furthermore, the City shall not limit or otherwise preclude any respondent from submitting a response so long as respondent, itself or through its proposed team, is properly licensed and qualified to perform the work defined by the public notice issued under subsection (c) of 143-128.1A.

Criterion 6: The criteria utilized by the governmental entity, including a comparison of the costs and benefits of using the design-build delivery method for a given project in lieu of the delivery methods identified in subdivisions (1)(Design-bid-build (DBB) separate- prime bidding), (2) (Design-Bid-Build (DBB) single-prime bidding) and (4) (construction management at risk (CMAR)) of G.S. 143-128(a1).
Discussion:

<table>
<thead>
<tr>
<th>Selection Criteria</th>
<th>DBB separate prime bidding</th>
<th>DBB single-prime bidding</th>
<th>Construction management at risk (CMAR)</th>
<th>Design-Build (DB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time and cost effectiveness for Project procurement</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Deliver Project on or before January 31, 2020</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Deliver Project at or below budget</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Optimize Project risk allocation</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Achieve early price certainty</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Ability to optimize Project scope and quality for available funds</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Establish a collaborative relationship with designer and contractor(s)</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Maintain a safe and injury free work site</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Minimize impacts to County, City and customers and general public</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Meet regulatory and permitting requirements</td>
<td>E</td>
<td>E</td>
<td>E</td>
<td>E</td>
</tr>
<tr>
<td>Achieve historically underutilized and small business goals</td>
<td>E</td>
<td>E</td>
<td>E</td>
<td>E</td>
</tr>
</tbody>
</table>

Rating system 1 through 4; 1 being the best and 4 being the least as to achieving Project selection criterion when comparisons are made to each of the delivery methods. E denotes all methods are basically equal.

The 2018 study mentioned above, performed by the Construction Industry Institute and the Charles Pankow Foundation – Revisiting Project Delivery Performance concluded that unit cost comparisons demonstrated that DB vs. CMAR was 1.9% less; DB vs. DBB was .3% less. As for cost growth DB vs. CMAR was 2.4% less and DB vs. DBB was 3.8% less.

The Water Design-Build Council (WDBC) in a 2012 municipal owners satisfaction survey showed that 67% of owners who used CMAR or DB felt they saved money and 82% felt they saved time. The WDBC in
its 2018 Annual Research report on CMAR and DB concluded after extensive interviews with owners that among the core drivers for using CMAR and DB were anticipated cost savings and faster project delivery times.

In summary, design-build will provide the best value for the Project principally due to:

• Ability to work with the engineer and builder in a collaborative manner during the design phase to develop a Project cost that provides the best value with regards to scope and quality for the available funds.

• Provide for single point of accountability and responsibility for the design and construction of the Project resulting in the optimum risk management approach for the Project.

• Ability to initiate construction prior to design completion to be able to procure long lead time items and better meet the schedule for the Project.

• Ability to best control the design development and Project estimating to allow City’s budget not to be exceeded for this Project.

• To potentially reduce the schedule and costs through contractor input during the design period.

• To achieve better project cost certainty earlier in the design process.

• Ability for City to react in the most time and cost-efficient manner to deliver this Project.

Recommendation

Approve the criteria for use of the design-build delivery method and authorize City staff to move forward with use of the design-build delivery method for the Project.
BE IT ORDAINED by the City Council of the City of Sanford, North Carolina that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following project ordinance is hereby amended:

Section 1: The project authorized is for housing rehabilitation.

Section 2: The following amounts are appropriated for this project.

| Shelter     | $ 17,000 |

Section 3: The following revenues are anticipated to be available for this project:

| 96 CDBG     | $ 17,000 |

Section 4: The Finance Officer is hereby directed to maintain within the Project Fund sufficient specific detailed accounting records to provide the accounting required by the agreements(s) and federal and state regulations.

Section 5: Funds may be advanced from the General Fund for the purpose of making payments as due. Reimbursement to the General Fund should be made from proceeds in an orderly and timely manner.

Section 6: The Finance Officer is directed to report, on a quarterly basis, on the financial status of each project element in Section 2 and on the total revenues received and claimed.

Section 7: The Finance Officer is directed to include in the annual budget information projects authorized by previously adopted project ordinances which will have appropriations available for expenditure during the budget year.

Section 8: Copies of this Community Development Project Ordinance shall be furnished to the Clerk to the City Council and the Finance Officer for direction in carrying out this project.

ADOPTED this, the 15th day of October, 2019.

T. Chet Mann, Mayor

ATTEST:

Bonnie Davis, City Clerk
BE IT ORDAINED by the City Council of the City of Sanford, North Carolina in regular session assembled.

Section 1: The following amounts are hereby amended to ordinance 2019-37 per G. S. 159-15 for the continued operation of the City of Sanford, its government, and activities for the balance of the fiscal year 2019-2020.

**GENERAL FUND**

**APPROPRIATION OF FUNDS**

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>100045 54000 Appropriated Fund Balance 25,000</td>
<td>10014700 00000 Legal 25,000</td>
</tr>
</tbody>
</table>

**Total Appropriation** $25,000

Section 2. This ordinance shall be in full force and effective from and after the date of its adoption.

ADOPTED this, the 15th day of October, 2019.

____________________________________
T. Chet Mann, Mayor

ATTEST:

____________________________________
Bonnie Davis, City Clerk
2019-2020 BUDGET ORDINANCE AMENDMENT

GENERAL FUND

Appropriation of Funds - results in increasing of budget

REVENUES

| Appropriated Fund Balance | 25,000 | To appropriate fund balance for item described below |

EXPENDITURES

| Legal | 25,000 | Additional legal fees required for Project Forge |
CLASS ACTION NOTICE AND FREQUENTLY ASKED QUESTIONS ("FAQs")

To: All U.S. Counties, Cities, and Local Governments as listed at www.OpioidsNegotiationClass.info

A court authorized this notice. This is not a solicitation from a lawyer.

- Counties and cities across the country have sued manufacturers, distributors, and retailers of prescription opiate drugs seeking, among other things, reimbursement for monies spent addressing the opioid crisis. All federal actions have been centralized into one court in Ohio and are entitled, In re: National Prescription Opiate Litigation, MDL No. 2804 (N.D. Ohio). Additional cases are pending in state courts.

- The Court in In re: National Prescription Opiate Litigation has certified a voluntary "Negotiation Class" ("Class"). The Class is defined as: all counties, parishes, and boroughs (collectively, "counties"); and all incorporated places, including without limitation cities, towns, townships, villages, and municipalities (collectively "cities"). The Class includes all counties and cities, whether they have filed a lawsuit or not. The complete current list of Class Members is available at the Class website: www.OpioidsNegotiationClass.info. This list may be updated as the Court may order.

- **NO SETTLEMENT HAS BEEN REACHED. HOWEVER, IF YOUR COUNTY OR CITY STAYS IN THE CLASS**, it will be bound if a Class settlement is approved in the future. Your county or city will likely NOT be provided another opportunity to be excluded from this Class action, so you should read this notice carefully and consult with your counsel regarding your county or city’s rights.

- The Court has certified two Racketeer Influenced and Corrupt Organizations Act ("RICO") claims under Rule 23(b)(3) and two Controlled Substances Act ("CSA") issues under Rule 23(c)(4). (see FAQ 7). The Class is certified solely to consider and vote on any future settlement offers made to the Class by one or more of 13 defendants (see FAQ 5). The purposes of the Class are (a) to unify cities and counties into a single negotiating entity to maximize their bargaining power and (b) to provide finality to opioids litigation for any settling Defendant.

- This Negotiation Class will not decide any claims or defenses in opioids litigation on the merits. It is certified as a Negotiation Class only, to facilitate Class Members’ approval or rejection of proposed settlements. There are no proposed settlements at this time, and no guarantee that there will be in the future. **However, your legal rights are affected and it is recommended that you consult with counsel regarding the choice you have to make now.**

Questions? Visit www.OpioidsNegotiationClass.info
### YOUR LEGAL RIGHTS AND OPTIONS IN THIS LAWSUIT

<table>
<thead>
<tr>
<th>STAY IN THE CLASS</th>
<th>STAY IN THE CLASS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requires No Action</td>
<td>Requires No Action</td>
</tr>
<tr>
<td>Stay in the Class. Await the negotiation outcome, but retain the right to pursue your own lawsuit in the meantime. Give up certain rights if a Class settlement is reached and approved by the Class and Court, but get a share of any Class settlement.</td>
<td>Stay in the Class. Await the negotiation outcome, but retain the right to pursue your own lawsuit in the meantime. Give up certain rights if a Class settlement is reached and approved by the Class and Court, but get a share of any Class settlement.</td>
</tr>
</tbody>
</table>

By taking no action in response to this Notice, you remain in the Class. As a Class Member, you will still retain your right to pursue your own case unless and until any possible Class settlement is approved by the Court. As a Class Member, you have the right to vote on any settlement proposed to the Negotiation Class. A settlement will not be accepted unless supported by 75% of the voting Class Members, counted by number, population, and allocation, for both litigating and non-litigating entities, and approved by the Court. Settlement funds will be distributed at the county level and each county’s share – and city’s suggested share – can be viewed now by utilizing the Allocation Map at the Class website, www.OpioidsNegotiationClass.info. If the Court approves any settlement, that judgment will prohibit Class Members from suing the settling Defendant(s) about the claims and issues in the litigation.

<table>
<thead>
<tr>
<th>REMOVE YOURSELF FROM THE CLASS</th>
<th>REMOVE YOURSELF FROM THE CLASS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requires Action by November 22, 2019</td>
<td>Requires Action by November 22, 2019</td>
</tr>
</tbody>
</table>

Those who exclude themselves from the Class cannot vote on, will not have the right to be paid under, and will not be bound by, any Class settlement. You keep any rights to negotiate separately about the same legal claims in this lawsuit, even if the Court approves a settlement for the Class. Class Members may exclude themselves from (“opt out” of) the Class by having an authorized officer or employee complete and sign the Exclusion Request Form enclosed here and submit it on or before **November 22, 2019** by email or mail in accordance with the instructions in FAQ 26 below.

- Class representatives and Class counsel will represent the Class in negotiations with Defendants who choose to do so. You may enter an appearance through an attorney (at your own expense) if you desire, but it is not required. Class Membership does not eliminate existing agreements with individual counsel. The procedure for payment of Class/common benefit attorneys’ fees/costs in connection with any Class settlement must be approved by the Court. Details of the proposed options and procedures for fees and costs are posted on the Class website.

- For complete information on the Class, the settlement allocation formulas, the Class certification motion and Order, the list of included Class Members, the voting process to be used by the Class in accepting or rejecting any Class settlement offer, and an Allocation Map determining your allocation of any proposed settlement, go to www.OpioidsNegotiationClass.info. Important information on the Opioids-related litigation, including all pertinent Orders and Schedules, and Frequently Asked Questions, will be available on the Class website on an ongoing and current basis.

*Your rights and options are further explained below. Any questions? Read on and visit www.OpioidsNegotiationClass.info.*

**DO NOT WRITE OR CALL THE COURT OR THE CLERK’S OFFICE FOR INFORMATION**

**Questions? Visit www.OpioidsNegotiationClass.info**
# Frequently Asked Questions ("FAQs")

## Basic Information
1. Why is a Negotiation Class being formed? What is its purpose? .................................................. 4
2. Is this the first Negotiation Class Action? ......................................................................................... 4
3. Why use a Class mechanism? ........................................................................................................... 4
4. Who are the Class Representatives? ................................................................................................. 4
5. Who are the Defendants? ................................................................................................................. 5
6. Has a Class settlement been reached with Defendants yet? ......................................................... 5

## The Class Claims and Issues
7. What claims and issues are certified for the Negotiation Class? .................................................... 5
8. Has the Court decided any claims or issues? ...................................................................................... 5

## Who is in the Class
9. What entities are included in the Negotiation Class? ................................................................. 6
10. Are counties and cities with state court-filed actions considered part of the Negotiation Class? 6
11. Will the Negotiation Class end the opioid litigation that my County or City has filed? ........... 6
12. How does the Negotiation Class affect other types of opioid plaintiffs that are not counties or cities? 6

## The Negotiation Class Process
13. Now that the Court has approved this process, what will happen next? .............................. 7
14. If my County or City chooses to participate in the Negotiation Class, how will it know when there is a proposed Class settlement? .................................................................................. 7
15. If there is a proposed Class settlement, does the Court still have to approve it? .................. 7
16. If there is a proposed settlement and my County or City is included in the Negotiation Class, but it disapproves of the settlement terms, can my County or City object to the settlement? 7
17. How long will the Negotiation Class last? ...................................................................................... 8

## Voting
18. If there is a proposed Class settlement, how will the voting be done? ..................................... 8
19. If there is a proposed Class settlement, how many votes are needed to approve it? ........... 8

## Allocation of Class Settlement Funds
20. If there is a Class settlement, how will my County or City’s share of the settlement be determined?.. 9
21. What happens if a county and its constituent cities make different decisions about staying in the Class? ........................................................................................................................................ 10
22. If there is a settlement between a Defendant and a State or States, what impact will this Negotiation Class have on the division of monies between a State and the cities and counties within the State? 10
23. Will Negotiation Class Representatives receive anything more than other Class Members? 10
24. What is the Special Needs Fund? .................................................................................................. 10

## Your Rights and Options
25. Can my county or city exclude itself from the Negotiation Class? ............................................ 10
26. How does my county or city exclude itself from the Negotiation Class? ................................ 11
27. If my county or city stays in the Negotiation Class, can it exclude itself later if it doesn’t like a proposed settlement? ........................................................................................................... 11

## The Lawyers Representing the Class
28. Who are the Class Counsel? ........................................................................................................... 11
29. How do Class Counsel get paid? .................................................................................................... 11
30. Under this proposal, what happens to my County or City’s current fee agreement with outside counsel? .................................................................................................................................. 12

## Getting More Information
31. How can my County or City keep up with what’s going on in this case? ............................. 12

Questions? Visit www.OpioidsNegotiationClass.info
BASIC INFORMATION

1. Why is a Negotiation Class being formed? What is its purpose?

The purpose of the Negotiation Class is to create a cohesive group of cities and counties to negotiate Classwide settlements, on a voluntary basis, with Defendants who make, distribute, or sell opioids nationwide. Class Representatives and Class Counsel will represent the Negotiation Class. Class Members will vote on any Class settlement proposal. If 75% of those Class Members who vote (as described in FAQ 18 and 19 below) support a proposed Settlement, Class Counsel will ask the Court to approve it. The ultimate purpose of the Negotiation Class is to make settlement easier to obtain.

2. Is this the first Negotiation Class Action?

Yes. This is a new use of the Class action mechanism under Federal Rule of Civil Procedure 23, reflecting the unique nature of the national opioids litigation. Unlike any mass litigation before, thousands of cities and counties nationwide are pursuing claims against major defendants. The goal is to recover money to help fight the opioids epidemic, provide prevention and treatment services going forward, and change Defendants’ practices.

3. Why use a Class mechanism?

Joining all cities and counties together as a Negotiation Class gives them maximum negotiating power, makes the negotiation of comprehensive settlements a more practical process, enables Defendants to know the group with which they are negotiating, and enables Class Members to vote on resulting settlement offers.

4. Who are the Class Representatives?

The Court has authorized the following 49 counties and cities to serve as the Negotiation Class’s Class Representatives: (1) County of Albany, New York; (2) City of Atlanta, Georgia; (3) Bergen County, New Jersey; (4) City of Baton Rouge/East Baton Rouge Parish, Louisiana; (5) Broward County, Florida; (6) Camden County, New Jersey; (7) Cass County, North Dakota; (8) City of Chicago, Illinois; (9) Cobb County, Georgia; (10) City of Concord, New Hampshire; (11) Cumberland County, Maine; (12) City of Delray Beach, Florida; (13) Denver, Colorado; (14) Escambia County, Florida; (15) Essex County, New Jersey; (16) County of Fannin, Georgia; (17) Franklin County, Ohio; (18) Galveston County, Texas; (19) County of Gooding, Idaho; (20) City of Grand Forks, North Dakota; (21) County of Hennepin, Minnesota; (22) City of Indianapolis, Indiana; (23) County of Jefferson, Alabama; (24) Jefferson County/City of Louisville, Kentucky; (25) Jersey City, New Jersey; (26) Kanawha County, West Virginia; (27) King County, Washington; (28) City of Lakewood, Ohio; (29) City of Los Angeles, California; (30) City of Lowell, Massachusetts; (31) City of Manchester, New Hampshire; (32) Maricopa County, Arizona; (33) Mecklenburg County, North Carolina; (34) The Metropolitan Government of Nashville and Davidson County, Tennessee; (35) Milwaukee County, Wisconsin; (36) Monterey County, California; (37) City of Norwalk, Connecticut; (38) County of Palm Beach, Florida; (39) Paterson City, New Jersey; (40) City of Phoenix, Arizona; (41) Prince George’s County, Maryland; (42) Riverside County, California; (43) City of Saint Paul, Minnesota; (44) City of Roanoke, Virginia; (45) County of Rockland, New York; (46) City and County of San Francisco, California; (47) County of Smith, Texas; (48) County of Tulsa, Oklahoma; and (49) Wayne County, Michigan.

Questions? Visit www.OpioidsNegotiationClass.info
5. Who are the Defendants?

The Court has authorized the Negotiation Class to negotiate with 13 Defendants (including their affiliates): (1) Purdue, (2) Cephalon, (3) Endo, (4) Mallinckrodt, (5) Actavis, (6) Janssen, (7) McKesson, (8) Cardinal, (9) AmerisourceBergen, (10) CVS Rx Services, Inc., (11) Rite-Aid Corporation, (12) Walgreens, and (13) Wal-Mart. The Negotiation Class is authorized to negotiate settlements with any of these 13 Defendants, on any of the claims or issues identified below in FAQ 7, or other claims or issues arising out of the same factual predicate. If Class Counsel seek to negotiate for the Class with any other defendants, they can file a motion asking the Court to amend the Class certification order.

6. Has a Class settlement been reached with Defendants yet?

No. No Class settlement has been reached yet with any Defendant. But the existence of a Negotiation Class makes the possibility of Class settlement more feasible because a Defendant will know the group with which it is negotiating. There is no guarantee, however, that there will be a Class settlement and it is possible that there will be settlements that do not encompass the Class, such as settlements between one or more Class Members and one or more Defendants.

THE CLASS CLAIMS AND ISSUES

7. What claims and issues are certified for the Negotiation Class?

In this Negotiation Class, the Court certified two federal Racketeer Influenced and Corrupt Organizations Act ("RICO") claims and two federal Controlled Substances Act ("CSA") issues. The RICO claims and the issues related to the CSA are similar across the country and the Class. The first RICO claim alleges that five Defendants misled physicians and the public about the need for and addictiveness of prescription opioids, all in an effort to increase sales. The second RICO claim alleges that eight Defendants ignored their responsibilities to report and halt suspicious opioid sales, all in an effort to artificially sustain and increase federally-set limits (quotas) on opioid sales. The CSA issues allege that the CSA required Defendants to create systems to identify, suspend, and report unlawful opioid sales, and that Defendants failed to meet those obligations. As noted in FAQ 5, above, the Negotiation Class is authorized to negotiate Class settlements concerning these claims and issues or other claims or issues arising out of the same factual predicate. However, this Negotiation Class does not involve claims by State governments against the Defendants and no Class settlement will release or otherwise interfere with any State government’s current or future litigation. This Negotiation Class concerns claims only of counties and cities. You can read more about these claims and issues in the Court’s Memorandum Opinion certifying this Class, which is posted at www.OpioidsNegotiationClass.info.

8. Has the Court decided any claims or issues?

No. The Court has not decided any Classwide claims or defenses on the merits and the Court will not render any Classwide decisions on the merits of any claims asserted by the Class or individual Members of it. By establishing this Negotiation Class and issuing this notice, the Court is not suggesting the Class would win or lose this case. This Class has been certified for negotiation purposes only.
WHO IS IN THE CLASS

9. What entities are included in the Negotiation Class?

The Negotiation Class is defined as:

All counties, parishes, and boroughs (collectively, “counties”); and all incorporated places, including without limitation cities, towns, townships, villages, and municipalities (collectively “cities”).

A complete current list of Class Members is available at www.OpioidsNegotiationClass.info. The list may be updated as the Court may order.

The terms “counties” and “cities” are used only as shorthand. The Class includes political subdivisions with other names, such as parishes, villages, towns, townships, etc. The list of Class Members was devised primarily from the U.S. Census Bureau lists of governmental entities that provide services to their residents. Check the Cities and Counties lists posted on the Class website to confirm whether you are a Negotiation Class Member.

10. Are counties and cities with state court-filed actions considered part of the Negotiation Class?

Yes. Counties and cities that sue in state court are Members of this Negotiation Class, with the option to opt out. However, nothing about Membership in the Negotiation Class interferes with the rights of any federal or state court plaintiffs to proceed with their own cases for litigation, trial, or individual settlement. Only if and when a Class settlement has been reached, has been approved by 75% of the voting Class Members as described in FAQ 19, and has been approved by the Court, would Class Members lose their ability to proceed on their own, in exchange for the settlement benefits that they would receive.

11. Will the Negotiation Class end the opioid litigation that my County or City has filed?

Not now and only if a Class settlement is later reached and approved. Your county’s or city’s Membership in the Negotiation Class will not immediately affect any opioid suit it has filed, whether in federal or state court. It also will not stop your county or city from filing or pursuing a lawsuit, and it will not affect any scheduled hearings or trials in any lawsuit. However, if there is a final Class settlement, approved by the required 75% of the voting Class Members and by the Court, the final settlement will likely end all other opioids-related litigation brought by Class Members. In the meantime, you do not need to opt out of the Class to file, continue to prosecute, or settle your own case, and you may keep any settlement or judgment you obtain. If any county or city obtains a judgment or settlement with a Defendant before the Negotiation Class does, however, it will not receive additional compensation through any later Negotiation Class settlement. But by remaining in the Class, your county or city does risk foregoing its own lawsuit (although it would obtain money from a Class settlement) if a Class settlement is reached and approved.

12. How does the Negotiation Class affect other types of opioid plaintiffs that are not counties or cities?

The Negotiation Class does not directly affect the litigation or settlement of the claims of other types of plaintiffs, such as Indian Tribes, third party payors, and others, that are proceeding in federal or state courts. These plaintiffs can organize themselves as groups or propose their own Classes, for trial or settlement purposes.

Questions? Visit www.OpioidsNegotiationClass.info
13. Now that the Court has approved this process, what will happen next?

The creation of the Negotiation Class has these next steps:

- On September 11, 2019, Judge Polster, the federal judge overseeing all of the national opioids litigation, certified the Negotiation Class to go forward.

- On or before September 20, 2019, Class Action Notice will be sent via First-Class mail and posted to the Class website www.OpioidsNegotiationClass.info to all Class Members.

- Class Members have until November 22, 2019 to decide whether to participate or to opt out of the Class. This is the “opt-out period.” All Class Members are automatically included in the Class. If a Class Member wants to participate, it does not need to do anything at this point. Only Class Members that wish to exclude themselves (“opt out”) and not participate in the Class must act: they must submit a copy of the enclosed Exclusion Request Form on or before November 22, 2019, using the instructions in FAQ 26.

- After the close of the opt-out period, the Court will enter an order confirming the Membership of the Class, saying who is in and who is out of the Class.

- After that, the Class will operate if, and only if, one or more of the Defendants wishes to negotiate with the Class as a whole through the Negotiation Class mechanism.

- If a proposed Class settlement is reached, the proposal will be submitted to the entire Class Membership for its approval or rejection in accordance with the voting formula (described in FAQ 18 and 19 below). If no proposed settlement is reached, the Class will not vote and will have no other role.

14. If my County or City chooses to participate in the Negotiation Class, how will it know when there is a proposed Class settlement?

All Negotiation Class Members will be given advance notice of any Class settlement offer, including details on its terms and conditions, and they will have an opportunity to vote on each settlement offer. Class Members will be able to cast their vote securely, through the Class website, which will establish a voting identity and portal for each Class Member. Only Class settlements achieving 75% approval votes, by number, by allocation, and by population, of the litigating and non-litigating Class Members that vote (as described in FAQ 19) will be submitted to the Court, which will make the final determination of whether to approve the settlement.

15. If there is a proposed Class settlement, does the Court still have to approve it?

Yes. If there is a proposed settlement that is approved by 75% of the voting Class Members, as described in FAQ 18 and 19, the Court will review and decide whether to approve it, under the Class action settlement approval process set forth in Federal Rule of Civil Procedure 23(e). Generally, the Court will assess whether any settlement is fair, reasonable, and adequate. All applications for fees and costs also require court approval under Rule 23 procedures. (See https://www.law.cornell.edu/rules/frcp/rule_23.)

16. If there is a proposed settlement and my County or City is included in the Negotiation Class, but it disapproves of the settlement terms, can my County or City object to the settlement?

Yes. As a Negotiation Class Member, you will be entitled under Rule 23(e) to object to any settlement, even if it has received approval from the Class. However, as described in FAQ 27, you have Questions? Visit www.OpioidsNegotiationClass.info
will likely not be able to exclude yourself from the Class at that time. An objection explains your concerns to the Court for its consideration but does not remove you from the Class.

17. How long will the Negotiation Class last?

The Negotiation Class will last for 5 years from the date it is certified by the Court. The Court certified the Class on September 11, 2019 and the Negotiation Class will last until September 11, 2024. After that date, the Class will not exist as an entity with which a Defendant can negotiate. However, the Negotiation Class will continue to exist with regard to: (1) any Class settlements presented to the Negotiation Class for a vote before that date, to carry out the voting and approval process; and (2) any Class settlements reached before that date, to complete settlement administration and enforcement.

Voting

18. If there is a proposed Class settlement, how will the voting be done?

Each Class Member will vote only once on any particular Class settlement proposal. The vote will simply be yes-or-no, in favor of or against the proposed settlement. Class Members that do not vote will not be counted as either yes or no votes; as with an election for government office in the United States, the only votes that are counted are those of the voters who actually cast votes. Class Members’ votes will be tabulated mechanically within each applicable voting pool, to make sure that 75% of each pool is in favor of the proposed settlement before it is presented to the Court. The voting pools are described in FAQ 19. Voting tabulation does not require any effort by the Class Members. The requirement of 75% support of voting Class Members across the different voting pools ensures that no settlement will go forward without a wide cross-section of support from cities and counties of all sizes and interests.

19. If there is a proposed Class settlement, how many votes are needed to approve it?

The agreement to be bound by a supermajority vote means that no settlement can be reached that would bind the Negotiation Class without the approval of 75% of the voting Class Members, defined in several ways. To be binding, 75% of those voting in each of the following six categories must approve a proposed settlement:

- 75% of the total number of voting Class Members that had filed suit as of June 14, 2019 (“litigating entities”). This number is based on all individual Class Members who had suits on file regardless of size, so that each voting entity has one vote;

- 75% of the total number of voting Class Members that had not filed suit as of June 14, 2019 (“non-litigating entities”). This number is based on all individual Class Members who had not filed suit, regardless of size, so that each voting entity has one vote;

- 75% of the total population of all voting Class Members that had filed suit as of June 14, 2019. For this computation, the vote of the county or city is weighted according to its population, with each person in a voting city and each person in a voting county equal to one vote. Thus, by way of example, if a county votes yes and has a population of 20,000, and a city within the county votes yes and has a population of 10,000, the county’s vote is weighted as 20,000 votes in favor, and the city’s vote is recorded as 10,000 votes in favor. The population for each County or City will be based on current census data. The current data is presented on the Class website, www.OpioidsNegotiationClass.info. Individual residents in this category may be counted twice, once as a resident of a municipality, and once as a resident of a county;

Questions? Visit www.OpioidsNegotiationClass.info
• 75% of the total population of all voting Class Members that had not filed suit as of June 14, 2019. For this computation, the vote of the county or city is weighted according to its population, with each person in a voting city and each person in a voting county equal to one vote. Thus, by way of example, if a county votes and has a population of 20,000, and a city within the county votes yes and has a population of 10,000, the county’s vote is weighted as 20,000 votes in favor, and the city’s vote is recorded as 10,000 votes in favor. Again, the population for each County or City will be based on current census data. The current data is presented on the Class website, www.OpioidsNegotiationClass.info. Individual residents in this category may be counted twice, once as a resident of a municipality, and once as a resident of a county;

• 75% of the litigating Class Members casting votes, weighted by their settlement fund allocations as shown at the Allocation Map posted at opioidsnegotiationclass.info; and

• 75% of the non-litigating Class Members casting votes, weighted by their settlement fund allocations as shown at the Allocation Map posted at opioidsnegotiationclass.info.

For purposes of counting votes, only votes cast will be considered. In order for a proposed settlement to be binding on the Negotiation Class, 75% of those Class Members who cast votes in each of these six categories must be in favor. No settlement will be submitted to the Court for final approval unless 75% of those voting in each of the six categories are in favor. No county or city that is not a Class Member as of the deadline for a vote on a proposal will be allowed to vote on that proposal.

ALLOCATION OF CLASS SETTLEMENT FUNDS

20. If there is a Class settlement, how will my County or City’s share of the settlement be determined?

Any Class settlement funds will be distributed in three steps:

**Step 1:** Each county’s share of the settlement will be distributed in accordance with an “allocation model.” The allocation model uses three factors, based on reliable, detailed, and objective national data, to determine the share of a settlement fund that each county will receive. These factors address the most critical causes and effects of the opioid crisis, and are each weighted equally (1/3-1/3-1/3): (1) the amount of opioids distributed within the county, (2) the number of opioid deaths that occurred in the county; and (3) the number of people who suffer opioid use disorder in the county. This model is designed not to favor either small or large counties based solely on population. Ultimately, the model allocates settlement funds in proportion to where the opioid crisis has caused actual harm.

**Step 2:** Counties and their constituent cities, towns, and boroughs may distribute the funds allocated to the county among all of the jurisdictions in any manner they choose. If the county and cities cannot agree on how to allocate the funds, the Class website reflects a default allocation that will apply. The default allocation formula uses historical federal data showing how the specific county and the cities within it have made opioids-related expenditures in the past. Any of the affected jurisdictions may ask a Special Master to apply a different formula.

**Step 3:** If the default allocation is used and a city’s share is less than $500, then that amount will instead be distributed to the county in which the city lies to allow practical application of the abatement remedy. Affected cities could seek recovery through intra-county allocation described in Step 2, or from the Class Members’ Special Needs Fund (see FAQ 24). In the rare circumstance that a city with a share of less than $500 lies in a county that does not have a county government, the amount would instead go to the Class Members’ Special Needs Fund, and Class members could seek recovery from that Fund.

Further information about the allocation formulas and their data sources are available at the Class website.
21. What happens if a county and its constituent cities make different decisions about staying in the Class?

- If a county and all of its constituent cities remain in the Class, each entity’s share will be determined as explained in FAQ 20.
- If a county remains in the Class, but one or more cities within the County are not in the Class, there are a variety of ways that a Class settlement might address that situation, but it is possible that a Class settlement would require that the County’s allocation be reduced.
- If a county is not in the Class, but cities within that county remain in the Class, there are a variety of ways a Class settlement might address that situation. One possibility is that a city would receive no direct monetary allocation because its county has opted out, but that it could seek monetary relief through the Special Needs Fund (see FAQ 24). If a settlement provides a city no possibility of monetary relief because its county has opted out, Class Counsel anticipates the city would not be required to release its claims against the settling Defendant.

22. If there is a settlement between a Defendant and a State or States, what impact will this Negotiation Class have on the division of monies between a State and the cities and counties within the State?

The Negotiation Class process does not interfere with a Defendant’s ability to settle directly with one or more States. If a Defendant reaches a settlement directly with a State, nothing about this Negotiation Class process would affect the distribution of those settlement funds between the State and its own cities or counties. The Court has explicitly ordered that the Class’s lawyers not involve themselves or the Class in the process of allocating monies secured by States between themselves and their counties and cities.

23. Will Negotiation Class Representatives receive anything more than other Class Members?

Negotiation Class Representatives do not receive preferential treatment under any settlement simply for serving as Class Representatives. Their allocation will be calculated in precisely the same manner as every other Class Member’s. However, they can apply to the Court for reimbursement of costs and expenses incurred by reason of serving as Class Representatives. Also, courts often award a modest amount to Class Representatives, called an incentive or service award, so as to encourage Class Representatives to step forward on behalf of others. Any such awards are subject to Class notice and Court approval.

24. What is the Special Needs Fund?

Fifteen percent (15%) of any Class settlement fund will be put into the “Special Needs Fund.” Any Class Member may apply for a distribution from the Special Needs Fund: (1) to recover its costs of litigating its own opioids lawsuit, if that case was filed before June 14, 2019, and/or (2) to obtain additional relief for any local impact of the opioids crisis that is not captured by the Class Member’s allocation. Applications will be made to and approved by a court-appointed Special Master, on a case-by-case basis. Any unawarded amount remaining in this Special Needs Fund would revert to the Class.

YOUR RIGHTS AND OPTIONS

25. Can my county or city exclude itself from the Negotiation Class?

Yes. You have a one-time opportunity to exclude your county or city from the Class and you must do so before November 22, 2019. You must follow the procedure set forth in FAQ 26 below to Questions? Visit www.OpioidsNegotiationClass.Info
exclude your county or city. As explained in FAQ 27, you will likely not be given a second opportunity to exclude your county or city from the Class if a settlement is later reached and you should not count on such an opportunity being available at that time.

26. How does my county or city exclude itself from the Negotiation Class?

You may exclude your county or city ("opt out") by signing and sending, either by email or by first-class U.S. mail, the enclosed Exclusion Request Form.

- If submitted by email, the form must be sent to info@OpioidsNegotiationClass.info on or before November 22, 2019.
- If submitted by mail, the form must be postmarked on or before November 22, 2019 and sent by first-class U.S. mail to:

  NPO Litigation
  P.O. Box 6727
  Portland, OR 97228-6727

The Exclusion Request Form must be signed by an authorized official or employee of the county or city itself, under penalty of perjury pursuant to 28 U.S.C. § 1746, and is subject to verification by the Court. If you exclude your county or city from the Negotiation Class, your county or city will not be bound by any Orders or Judgments regarding the Class, and it will have no right to share in any settlement reached by the Class.

27. If my county or city stays in the Negotiation Class, can it exclude itself later if it doesn’t like a proposed settlement?

Not under the current Court Order. The Court’s Order certifying the Negotiation Class provides only one opportunity for a county or city to exclude itself from the Class. The exclusion deadline ends on November 22, 2019. If a settlement is reached and proposed to the Class for its approval, Class Members who do not support the settlement may (1) vote against it and/or, (2) if the settlement is nonetheless approved by the Class votes, file objections with the Court. Rule 23 permits a court to offer a second opportunity for Class Members to opt out when a settlement is proposed, but the Rule does not require the Court to give Class Members a second opportunity to opt out. In this case, it is anticipated that the Court will not give Class Members a second opportunity to opt out. Therefore, Class Members should not rely on that possibility. Class Members should expect that there will be no opportunity to opt out of the Class after November 22, 2019.

THE LAWYERS REPRESENTING THE CLASS

28. Who are the Class Counsel?

The Court has authorized the following six lawyers to jointly represent the Negotiation Class: Jayne Conroy and Christopher A. Seeger are Co-Lead Negotiation Class Counsel and Gerard Stranch, Louise Renne, Mark Flessner, and Zachary Carter are Negotiation Class Counsel. Each of these six lawyers represents only cities or counties in Opioids-related litigation.

29. How do Class Counsel get paid?

Class Counsel will apply to the Court for approval of fees and costs under Rule 23(h). As a Class Member, you will receive notice and have an opportunity to object to any such application. The Court may appoint fee committees to make recommendations of any fee awards, to avoid duplication of payment, and to ensure appropriate compensation of those whose efforts provided a common benefit. The Court will make the final decision about all fees paid out of the Class’s recovery to any lawyer.

Questions? Visit www.OpioidsNegotiationClass.info
30. Under this proposal, what happens to my County or City’s current fee agreement with outside counsel?

The current fee agreement that a county or city has with its outside counsel remains in effect. Membership in the Negotiation Class does not change that. In the event of any settlement that achieves Class and Court approval, there would be a “Private Attorneys Fund” from which outside counsel for Class Members that had signed retainer agreements for opioid epidemic-related litigation before June 14, 2019 could apply for fees and costs in lieu of any current fee agreement. That would be a voluntary decision between the county or city and its outside counsel. A total of up to 10% (maximum) of any approved Class settlement amount will be held in the Private Attorneys Fund. Any unawarded amount remaining in this Fund would revert to the Class. The Court must approve all payments from this Fund.

GETTING MORE INFORMATION

31. How can my County or City keep up with what’s going on in this case?

Pertinent news and information will be posted at the Class website, www.OpioidsNegotiationClass.info on an ongoing basis. As a Class Member, you also will have the opportunity to sign up, through the Class website, for email notices alerting you to the fact that new information has been posted to the Class website.

DO NOT WRITE OR CALL THE COURT OR THE CLERK’S OFFICE FOR INFORMATION

DATE: September 11, 2019.
IF YOU WANT TO EXCLUDE YOUR COUNTY OR CITY
YOU MUST ACT BY NOVEMBER 22, 2019

EXCLUSION REQUEST FORM
Read this page carefully then turn to Page 2 if you want to sign and send

Complete this form ONLY if your County or City does NOT want to remain a Class Member and does not want to share in any potential negotiated Class settlement. If your County or City does not complete and submit this form, it will be deemed to be a Class Member so long as it is a County or City in the United States as those terms are described in the Class Notice and is on the list of Class Members found at www.OpioidsNegotiationClass.info.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO

In re NATIONAL PRESCRIPTION OPIATE LITIGATION 1:17-md-2804 (DAP)

Class Notice Administrator
NPO Litigation
P.O. Box 6727
Portland, OR 97228-6727

Dear Class Notice Administrator:

My County or City does NOT want to be a member of the Negotiation Class certified in the In re National Prescription Opiate Litigation. I understand that by completing the information requested on page 2, signing, and submitting a copy of this form by email (to the email address on page 2) sent on or before November 22, 2019 OR by first-class U.S. mail (to the mailing address on page 2) post-marked on or before November 22, 2019, I am opting my County or City out of the Negotiation Class and it will NOT be a Class Member. I understand that by timely submitting this form, my County or City is foregoing the right to share in any Class settlement that may be obtained. I understand that my County or City is NOT guaranteed an opportunity to opt back in if there is a Class settlement, so this is our final decision. I also understand that by opting out, my County or City will not be bound by any judgment entered as part of any Class settlement.

I understand that if my jurisdiction is a Class Member and wants to remain a Class Member, it does not need to do anything now. I understand that I should NOT return this Exclusion Request Form if my jurisdiction wants to remain a Class Member.

I understand that, if I have any questions, I may contact Class Counsel at 1-877-221-7468, or visit www.OpioidsNegotiationClass.info BEFORE I mail this form to you and BEFORE November 22, 2019.

TURN TO PAGE 2 IF YOU WANT TO SIGN EXCLUSION/OPT-OUT FORM
AND FOR EMAIL AND MAILING ADDRESSES
IF YOU WANT TO EXCLUDE YOUR COUNTY OR CITY
YOU MUST ACT BY NOVEMBER 22, 2019

EXCLUSION REQUEST FORM
Read Information on Page 1 carefully before signing

Having read and understood the information on page 1, the County or City (circle one) entitled
__________________________________________________________ in the State of __________________________ hereby excludes itself
from the Negotiation Class certified by the United States District Court in the Northern District of
Ohio in In re National Prescription Opiate Litigation, MDL 2804. Under penalty of perjury and in
accordance with 28 U.S.C. § 1746, I declare that I am an official or employee authorized to take legal
action on behalf of my County or City.

Signature: __________________________________________________________

Print name: _________________________________________________________

Title: ________________________________________________________________

City or County Represented: ____________________________ (Circle one): City / County

Address: ____________________________________________________________

City: ____________________________ State: ____________ Zip Code: __________

Phone: __________________________ Email: ________________________________

Date: __________________________

BY NOVEMBER 22, 2019

EMAIL TO: info@OpioidsNegotiationClass.info

OR SEND BY FIRST CLASS MAIL TO:

NPO Litigation
P.O. Box 6727
Portland, OR 97228-6727
CLOSED SESSION