

A Special Meeting of the Hickory City Council was held in Hickory, North Carolina on Thursday, March 15, 2018, at Catawba Valley Community College, 2590 US Highway 70 SE, in the Institutional Advancement Building Auditorium.

Thursday, March 15, 2018

On Thursday, March 15, 2018 at approximately 8:30 a.m., a Special Council-Staff Retreat was convened.

The following members were present: Mayor Hank Guess, Alderman Brad Lail, Alderman Danny Seaver, Alderman David Williams, Alderman David Zagaroli and Alderwoman Jill Patton. A quorum was present.

Others present were: City Manager Warren Wood, Assistant City Manager Rick Beasley, Assistant City Manager Rodney Miller, Planning Director Brian Frazier, Public Services Director Kevin Greer, Parks and Recreation Director Mack McLeod, Deputy City Attorney Arnita Dula, Fire Chief Fred Hollar, Airport Manager Terry Clark, Library Director Sarah Greene, Police Chief Thurman Whisnant, Assistant to the City Manager Yaidee Fox, Communications and Marketing Manager Dana Kaminske, Communications Specialist Sarah Killian, Human Resources Director Claudia Main, Business Services Manager Dave Leonetti, Transportation Planning Manager John Marshall, Finance Officer Melissa Miller, Information Technology Manager Mike Woods, Bond Project Manager Kyle Butler, Planning Manager Cal Overby, City Attorney John Crone, WPCOG GIS Analyst Daniel Ezell, Community Development Manager Karen Dickerson, Executive Assistant to the City Manager Deisy Zavala, and City Clerk Debbie D. Miller

Citizens: Bob Vollinger and Cliff Moone

I. 8:00 a.m. Arrival

- i. Welcome
- ii. Breakfast

II. Dr. Garrett D. Hinshaw, President of Catawba Valley Community College

City Manager Warren Wood opened the meeting. He asked Business Services Manager Dave Leonetti to introduce the City's newest employee.

Business Services Manager Dave Leonetti introduced Community Development Manager Karen Dickerson.

City Manager Warren Wood advised this would be a good time to bring Ms. Dickerson up to speed on all of the projects going on in the City. He thanked Catawba Valley Community College (CVCC) for hosting City Council's annual retreat. City Council would be touring the facility later in the meeting. He commented that Dr. Garrett Hinshaw had mentioned that the new Workforce Solutions facility was scheduled to open July 2018. He referenced the first City Council/Staff retreat was when Gary McGee was Manager in 1984. Last year was the only year there hadn't been a retreat due to the transitioning of management. In December, Council had established a vision for economic vitality in Hickory to establish a diversified and sustainable economy through growth of business opportunities, jobs, tax base and population, and to improve the quality of life for its citizens. He presented a PowerPoint presentation. The City needs to be advocates for where there are gaps and needs in workforce development and create the kind of community to attract a workforce to develop. Areas had been identified for the City to focus on. He advised Council would discuss the bond program, City Walk, Riverwalk, gateways and streetscapes, and Trivium Corporate Center (Park 1764). Park 1764's new name was Trivium Corporate Center. They would also discuss transportation improvement projects. He advised \$322 million dollars' worth of transportation improvement projects over the next five years, just from North Carolina Department of Transportation (DOT). He pointed out that was not planning for these, these were the ones that are going to be under construction. He advised some of the projects included: Highway 321 widening from 13<sup>th</sup> Street SW to US 321A in Caldwell County; 29<sup>th</sup> Avenue widening from Springs Road to 127; widening on 127 on both ends from Cloninger Mill Road up to Richie Road in Alexander County and on the south side from Zion Church Road to Huffman Farm Road near Hawksridge nursery; and Startown Road widening, which was very important to the City because of the Trivium Corporate Center. Mr. Wood discussed other projects: the Lackey Family project; the economic development analysis of a downtown parcel; downtown parking study; the Main Street Program; pursuing development of final parcels at Fairgrove Business Park; multiple additional economic development projects; expansion of a runway at the airport from 6,400 to 7,000 feet; Hickory/Burke County economic development partnership; utility system expansion; expansion of the Convention Center; brand marketing; Hickory Baseball ownership transition with the Rangers; addition of multifamily units, Brownfield study in the south side area; and the Brownfield assessment grant application. He mentioned some of the things that City Council had dealt with just in the past year: they hired a new City Manager; lost a Mayor; appointed a new Mayor; elected a new Mayor; elected a new member of City Council; lost a member of City Council; appointed a new member of City Council; an Assistant City Manager left and they hired a new Assistant City Manager. A lot of changes on City Council and the Manager's office in the last year.

City Manager Warren Wood mentioned that the City is receiving a lot of Statewide and National recognition. He listed some of the recognitions: SmartAsset ranked Hickory at the 7<sup>th</sup> Best Place to Retire in North Carolina in March 2018; National Geographic Travel named Hickory one of the Best Small Cities in America; SafeHome ranked Hickory among the safest cities in North Carolina in January 2018; USA Today/Milken Institute ranks Hickory the number three "biggest gainer" in

economic growth; Realtor.com named Hickory the Top Tinsel Town in America in December 2017; Forbes, Hickory was one of the Best Places for Business and Careers 2017, in October 2017; SmartAsset, Hickory was the 9<sup>th</sup> Best Place to Raise a Family in North Carolina; and Kiplinger named Hickory a Great Place to Retire in August 2017. He turned the meeting over to Dr. Garrett Hinshaw.

Dr. Garrett D. Hinshaw, President of Catawba Valley Community College (CVCC), welcomed everyone to CVCC. He commented just a few years ago Hickory was struggling and was ranked as one of the worse places to be for education attainment and other reasons, but together we have made a difference and the leadership that City Council and Staff has provided for the City of Hickory has been unbelievable. He feels a momentum in this area that hasn't been felt in quite a while. We find solutions and we work together. He advised CVCC has 90 programs of study and over 5,000 students that are enrolled in those programs. Two-thirds of those students are in workforce related programs. There is another 12,000 students who take short-term credentialing courses, business courses, upgraded skills, etc. He thanked the City of Hickory's Police Department for their support of CVCC's initiatives to make sure they have a safe environment. Dr. Hinshaw presented a video of CVCC which explained what was going on at CVCC. He commented there is something for everybody at CVCC. He didn't think that the community really knew everything that they had to offer. He referenced the Workforce Solution complex behind the campus which will open July 2018, containing 86,000 square feet dedicated to engineering, electronics, robotics, welding, etc. He mentioned the ValleySim Hospital which changed the way healthcare education occurs. Not only are they training about 70 percent of the healthcare workforce in the Catawba valley region, but they are also training the physicians now. Physicians and practitioners are coming on to the CVCC campus as a result of that facility. CVCC is looking to partner with the City of Hickory. CVCC is committed to do whatever it takes. He referenced the Catawba Valley Furniture Academy. It is not a traditional college program. It was a program where CEO's came to CVCC and advised they had a workforce problem and they needed help to do it. They created the concept for the academy in about two years and now they are doing a construction academy. They are looking at a lot of different avenues for that model. When you have a program where you graduated about 300 students and 100 percent of those students are currently hired into a workforce sector you can move the needle on addressing the workforce issues that are here. He asked for questions.

City Manager Warren Wood asked how they identified what they were going to offer in the new Workforce Solutions facility.

Dr. Hinshaw advised they primarily looked at what the needs from the CEO advisory councils were projected and what the current capacity was. They are moving their automotive systems program. That program had grown tremendously over the last six years. The capacity that they will be able to create through this new center is going to double or triple their ability to put workers in the workforce. Their welding program had grown over 700 percent over the last three years. Every one of those students, even before they finish the program, have or get hired. Soon as they get a particular credential or skill they are getting job offers at \$20 to \$30 per hour. They are about keeping people here. He commented 5,000 students, 5,000 of those students are probably going to be working here in this area. They are our future and they are our future workforce. The average age of their students had dropped from 28, just five years ago, down to 22 now. The college environment that they had created was attractive to young students. They are doing innovative things in the Hickory City Public Schools, working with them and with every high school in Catawba County, putting programs into those high schools that lead to a career credentialing path. They partner with the four year universities and they are looking forward to a renewed partnership with Lenoir-Rhyne University. They need to make sure that their programs are aligned so their students can reach those goals as they are moving through their facility.

Alderman Lail asked what the geographic footprint of the student population was.

Dr. Hinshaw advised they had students from 70 of the 100 counties in North Carolina who attend there. They have students from all bordering states that attend because of specific programs. They are working with a private developer right now to make student housing available near the campus. He thought that was going to make a big difference as we are able to attract people into this area and hopefully keep them in this area. It is a very broad footprint that they serve through the programs at CVCC.

Fire Chief Fred Hollar asked if they were still planning on a public safety training facility.

Dr. Hinshaw responded yes, bids may have gone out already. State construction is a little slow, but for the most part they are full speed ahead on that and should be up and running soon. He knew that was critical for them.

City Manager Warren Wood commented the campus had really been transformed from 10 to 15 years ago and it felt like a college campus.

Dr. Hinshaw wanted to bring the campus to life. He thought as Council walked around the campus and saw the facilities and spaces that they had created for student learning were much more conducive and inspiring for people to come in and get engaged in learning. Through all of their curriculum programs they are finding ways to assure students have hands on learning that is relevant to the curriculum that is being taught. He thought that was a critical piece of making that final connection so that all of their students have the opportunity.

Alderwoman Patton asked about CVCC working more with Lenoir-Rhyne University.

Dr. Hinshaw advised that CVCC has a ribbon program with Lenoir-Rhyne University that they had been working for years and it had been very successful. He advised that Dr. Whitt was bringing Lenoir-Rhyne University to the community at a level that is where we need to be for the partnerships that we can create some seamless pathways. He referenced K-64, which brought everyone to the table, the Chamber of Commerce, Catawba County Economic Development Corporation, every school systems, CVCC, and Lenoir-Rhyne University, all working towards common goals to move the needle for this talent development. We do that we are different. You can't do it by just sitting around and talking about it. You have got to programs in place, you have got to put systems in place with appropriate resources to change the dynamics of what is happening in our public education all the way through the workforce and the career adaptability.

Alderman Zagaroli asked if CVCC had courses that meshed into Corning and CommScope.

Dr. Hinshaw responded yes, they are two of their critical partners. They look at everything from what they are looking for to try and get employees qualified to be in their system. What are they needing in reference to specific skill sets? The number one thing that he hears is to teach them to think critically, solve problems, and help them address their bottom line. They will teach them how to work when they get there. They have to show up, and be able to pass a drug test. There are a lot of issues that they are building into their curriculum at CVCC that are focused on addressing those issues. That has to start way before students walk on to their campus. That is why they are working with the public school system as early as kindergarten, focusing on character development, leadership development, and critical thinking. Businesses here are having conversations with them on a regular basis.

Alderman Seaver asked about soft skills training.

Dr. Hinshaw advised they aggressively approached the system office to get a new work base learning curriculum approved which is totally focused on that particular issue. It is about exposing them to the different opportunities that are available, but primarily it is about intensive work on those issues that employers have identified with them as being the most critical issues they face on a day to day basis. At all of the academy structures they start with soft skills. You don't get through that program if you can't demonstrate, show up on time, be here, and do teamwork, building a process and a product. They focus on placing priority on that and it will make a difference for the workforce here.

Mayor Guess asked about Challenger High School.

Dr. Hinshaw advised there was 400 students in Challenger High School. CVCC was one of the first community colleges in the State of North Carolina to adopt an early college model back in 2008. Since that time their Challenger students earn an Associate's Degree and their High School credential within a five year period, which is accelerating their learning and the best part about it, it is free. Having 400 students on their campus and integrating them into their college curriculum and building those relationships early has continued to make a difference. Challenger was ranked as one of the best schools in the State. They have high graduation rates. Challenger students win a majority of academic excellence awards and the Skills USA competitions that they have done throughout the history there. CVCC had been named the outstanding Skills USA Chapter, not just in North Carolina, but in the country for the past four years running. They had won national championships in entrepreneurship. They are tying entrepreneurship to every one of their curriculum programs so they assure that they are teaching students how to think, how to be creative and how to be persistent in trying to achieve their goals. He referenced the accomplishments of their sports teams. The scope of programs and the real college life they have created at CVCC is making a difference in terms of people's perceptions of what CVCC is all about.

Alderman Williams asked as they have continued to grow their curriculum in the service industry if they had ever considered a barbering institute. He understood there was a cosmetology program.

Dr. Hinshaw responded yes, they are considering that. They had talked with a lot of different people around the area. It was facility limited right now for them to get it started, but they are looking to move their cosmetology program over to the main campus. When they do that they will be able to expand it to a barbering aspect of that too in conjunction with the cosmetology.

Alderman Lail asked what his experience was with millennials.

Dr. Hinshaw commented it goes back to the mindset. We have to figure out what inspires them and motivates them. They understand their differences in values and the way young people are brought up, but they also understand that they still have wants and needs, and they want to add value in their corporate work experience. They are not going to stay with a company for 30 years like we all do. They are going to bounce around. In doing that they are focusing on career adaptability so they can add stackable credentials so they can move through different areas and still be successful and make sure that we have some people to backfill that as they move in and out of the service area.

Alderman Lail asked if they were motivated.

Dr. Hinshaw responded absolutely. You figure out what drives them, which they are doing through a lot of technology based initiatives, because that is where they are comfortable, that is the way they communicate. You have to go there, you have to be ready to be there, and you have to train the individuals that are teaching how to build that relationship in a classroom type environment. It is different, but generation “Z” is going to be different too. They have to transition constantly in terms of how they do things. They can’t teach the way they did even two years ago. They have to continuously evolve with the student body and think about how they build those relationships. One of the number one things they want is for you to care about them, they want to be valued. If you can demonstrate that then you have got a chance to really connect with them and to help them develop to reach their career goals. He thanked everyone for coming to CVCC.

III. Workforce Roundtable

- i. Scott Millar (Moderator), Economic Development Corporation President
- ii. Lindsay Keesler, Catawba County Chamber of Commerce President & CEO
- iii. Mark Story, K-64 CEO
- iv. Wendy Johnson, Western Piedmont Workforce Development Director
- v. Jeff Neuville, Small Business Center Director
- vi. Gary Muller, CVCC Dean of Business, Industry, & Technology
- vii. Dr. Whitt, Lenoir-Rhyne University President

City Manager Warren Wood turned the session over to Scott Millar to serve as the Moderator for the workforce roundtable discussion.

Scott Millar, Economic Development Corporation President, commented workforce is important to what the City of Hickory and the County are doing. If we don’t have a program in place for the successful development of workforce at every age we are going to miss economic opportunities. He advised he was the result of a community college program. He didn’t understand the value of going to college until he spent three years as a butcher. He advised he made his way through community college and then went on to the University of Tennessee. Workforce development opportunities are very important to the economic well-being of this community. If we don’t provide these opportunities we are not going to have a healthy economy. He discussed unemployment rates, which were 3.9 to 4.1 the last several months. In 2008/2009, unemployment rates were up to 15 percent. Relatively speaking we are the same as other markets. He discussed impacts of low unemployment rate: wages hopefully go up, and it is hard for the market to expand. Last year the County announced 380 new jobs, \$1.4 billion dollars in new investment. They have averaged creating 508 jobs every year. Last year, while the investment numbers were more than quadrupled, the job creation numbers were down 175, at least a third. Part of that was because of the inability to be comforted in the fact that we can get workers. Some automation could be driving the big investment numbers instead of people, but there is a lot of people who are not so sure that Catawba is their option because of the labor availability. Low unemployment has a direct impact on our ability to recruit. He discussed previous industries which were in the County: furniture, textiles and fiber on the communications side. During the 80’s and 90’s unemployment rates sometimes were into the 1 to 1.9 percent range. In the 90’s we were 1.7 to 3 percent. When we started talking about diversifying our tax base we didn’t have the labor to make the sale. Whereas other communities had the time to argue that we have “people” and therefore you should come. We had G.E., Meredith Burda, and this low unemployment rates, but we didn’t really successfully diversify our economy. In the downturn, which occurred in 2002-2003, when furniture went to Mexico and Puerto Rico, and textiles was going overseas, we got hit hard. Whereas, other economies didn’t get hurt that bad. All those are impacts of workforce issues. He pointed out a chart which contained 40 different blocks of providers. When he is trying to make the argument to companies, he advises them what CVCC does, what LRU does, and tries to make the argument of this is why you should come here and these are the assets and resources that are in this County or this region to help them locate here. There are a lot of people doing a whole lot of great things. He asked the panel to introduce themselves and discuss their interest in workforce and what they specifically do.

Ms. Lindsay Keisler, Catawba County Chamber of Commerce President & CEO, pointed out the collaboration between business, education, and local government in this community are pretty remarkable and unique. She commended Council for their leadership and thanked them for the privilege of partnering and working with them on many levels. She advised at the Chamber they were focused on the supply side of human capital. Growing the population to fill jobs. We don’t have enough individual’s actively seeking work in this community to fill the current need. She referenced the population projections from the State, these are numbers that they can impact, and their goal is to impact future need. We have to plan for future need as well. She referenced page three and four of a handout of the partnership survey. She discussed why the Chamber was focused on growing the population to fill jobs. She was interested in tackling the most critical issues facing business. The data affirmed the direction of the Chamber and their program of work. She referenced page three which showed the health of the local economy. Business is good in Catawba County, looking at sales volume and employment level, all of that had increased. She referenced the handout and advised 34.4 percent were staying, attracting or retaining quality workforce which was the number one issue that is impacting businesses. Several of those were all related to growing the population and filling jobs. She discussed the value of qualified available workers to these companies’ expansion, and opportunity for all. Industries are the ones saying they need available talent. She advised that 3,000 jobs was \$452 million dollars that could be circulating in our local economy. It was all interwoven. It is not just a local issue it is a national issue, but everybody is trying to come up with solutions. Whoever can come up with the most innovative solutions first are the communities that are going to grow in the future.

Ms. Wendy Johnson, Western Piedmont Council of Governments Workforce Development Board Director, advised there were a lot of educational programs here, there is collaboration, and funding for scholarships that comes through their program. When people leave school at the end of the day or come home at the end of the day we all want to know what's next. We get educated and find our perfect job, but what else can we do to market our area collectively. Everybody is in a labor force war right now. They market constantly using social media. She reiterated that we have the educational programs, we have short term and long term. Their funding through the workforce innovation opportunity act can provide scholarships and internships for the next young adult program. There are a lot of other things in the area that they can help market. She advised that we have come leaps and bounds of things that you can do when you come here which may have not been the case ten years ago, not collectively. They can get citizens the education and have excellent jobs from frontline to sea level positions, but what else is available for them. Millennials want to know how they can connect and plug into our communities. How else can they help them immerse themselves into the community? Their staff in the NC Works Career Center had been talking about marketing. When they have people come in, what else can they talk about in our community besides the educational component and getting a job? How else can they help market on their end and get them immersed into the community beyond that? Statistically, American's work more than any other nation on the planet. If the millennials don't have anything else right, they have got that right. What else can they do? How can they plug in and be a part of the Women's Resource Center, or Goodwill for example. She gave examples of activities such as 5K's, a good selection of non-chain type of restaurants. How do we get involved to keep that workforce here for the extra?

Alderman Seaver commented that civic service type clubs had dwindled over the years. He referenced the Lions Club and the Kiwanis Clubs, at one time there was a waiting list, and now that is gone. Maybe we need some new thing to get them involved in civically.

Ms. Johnson commented if you think they don't want to be involved civically watch how many marches have happened in the last two years, people want to be involved, they want to do more. How do we market our area and help people be available for that and be a welcoming community on all fronts. She referenced an article which stated by 2045 white will be the minority nationally. We have got to really open up and embrace the changes and feel welcome to find a purpose when they are here.

Mr. Mark Story, K-64 CEO, advised the K-64 initiative was kindergarten through retirement. He advised he had always lived here and was always going to live here. He had three children. K-64 was economic development and talent development through education. Education is the key to not only making sure that we have multiple pathways with multiple on and off ramps to train people we have, but it is key to attracting new folks here and connecting. K-64 was about building relationships in a lot of different areas, that is the key to success in the relationship connectivity. One of their priorities was work based learning connecting businesses. They placed 735 students in 140 businesses last year in one school system in Catawba County. He thought they could triple that. It was important that they connect the ones we have to what we have. Most people just don't know until you get out there and make the connection. K-64 was about connecting the dots, a public/private partnership. The first year County Commissioners gave him \$2 for everyone \$1 of private funding that they can get from businesses, they are over a half of million dollars now in private funding. He thought they could do a lot more than that. They are working on the State and Federal level to try and get other funds behind this. They are doing something that no one else is doing and that is taking ahold of this problem them self and fixing the problem their own way. They have more players at the table with their partnerships than anywhere else in the company. Catawba County knows how to solve problems and we want to be first. If they get this right, if they get this connectivity and this educational pathway engine going, they can set the example for the whole United States. That was his goal.

Mr. Jeff Neuville, Small Business Center Director at Catawba Valley Community College, advised the State of North Carolina provides a grant that puts a small business center at each of the community colleges throughout the State. There are 58 centers. Their mission is to work with folks that are interested in starting businesses to support their efforts to help them get up and running. They also work with existing small businesses to help them grow and add jobs to the communities. They measure themselves on economic impact more than anything else in terms of how many businesses get started, and how many jobs get created and retained. They have two primary services. They provide confidential business counseling where they may work on a business plan and provide funding resources. His job was to try and help them think through issues. They are the people who are working with individuals in the community who want to start their own thing, be their own boss. There is payoff down the road but it takes a while. There are jobs out there for people who want them. He thanked Council for the opportunity to speak to them.

Mr. Gary Muller, CVCC Dean of Business, Industry & Technology, advised he was a Wake Forest graduate and a CPA by trade. He worked in manufacturing for 20 years and had been at CVCC for 10 years. They are in the business of education and what they can do to help the business community grow jobs and now the challenge is trying to find a skilled workforce to fill the gap for all the jobs that we need in the community. They are doing some really good things at CVCC and the Workforce Solutions complex will help them jumpstart what they are already doing. He referenced the academy model for furniture manufacturing which was the model for everybody around the country. Where they see a problem they are trying to find a solution.

Mr. Millar congratulated Mr. Muller on the way they approach things, it was different and it was

known for coming up with solution across the State and further. They had been leaders in that. He was also excited about Lenoir-Rhyne University (LRU). They had developed a relationship over the last few years that had been very beneficial for the community. He was excited about Dr. Whitt coming on board and where things were headed at a rapid pace.

Dr. Fred Whitt, Lenoir-Rhyne University President, advised he obtained his undergraduate and Masters at Appalachian State and he went to the University of Tennessee for his Doctorate. He was the 12<sup>th</sup> President in the 127 year history of Lenoir-Rhyne University. They had been around since 1891. He grew up in Mt. Holly, in Gaston County, which was a strong area in textiles at one time. His parents were both from High Point. He had been in Hickory for just a little over a year and was still learning his way around. They want to be engaged and involved in the community whether it is the Community College, Chamber of Commerce or the City. He thanked everyone because Hickory was a really nice place to live. They hadn't had any problems selling Hickory. They had hired over 40 new people at the University in the last two years. At Lenoir-Rhyne they talk a lot about enrollment management, who they recruit, who they retain, who they graduate and what those percentages are and where they go and work. It was everyone's business. Workforce development and economic development was everybody's business. It just doesn't lie in any one particular unit it has got to be pretty horizontal, not just vertical. He thinks of it as overlay sustainability. He thinks of sustainability broader. There was personal sustainability which was entrepreneurship, trying to be creative and innovative. There was financial sustainability which was being able to have good wealth and being able to sustain the programs that you are doing. And there was social sustainability, being welcoming and having a diverse community of learners and the older adult population. There was also environmental sustainability. Overlaying those things to economic development workforce was very interesting to him. As LRU grows Hickory grows and as Hickory grows LRU grows. What they could do together was a lot more powerful than what they could do separate. We all want more employers and if we work together we can attract business, we can have more employers who hire employees. We then have good jobs and wealth in the community and that makes us all much more sustainable. He was excited to be present. He was glad to be involved in the community. They just don't want to be engaged on the campus, but be engaged in Hickory and the Catawba County community. He thanked Council for the opportunity.

Mr. Millar asked Mr. Story to discuss the K-64 initiative.

Mr. Story explained in simple terms it was to identify the things that are working great, facilitate those things and make them better. Sometimes they may create something new in the process as it relates to education. K-64 had six guiding priorities, one of them being technology. The purpose of the technology was to provide access. To remove the time and space from learning. To make sure the students have more access to more content and more area so they don't always have to be in a computer lab to learn and they don't always have to work with just the instructors that are in front of them. They have the ability to do virtual tours around pyramids or to listen to experts in the medical field through online courses to get college credit while in high school. Technology drives those type things. They have to get the technology in their hands. It is imperative that they do that. A county the size of Catawba has never really tackled that because it is a lot of devices. They did a pilot in all the 7<sup>th</sup> grades in every school system in Catawba County. The cost of that was approximately a half of million dollars for 2,000 devices. They want to do all 12 grades. They want the student to keep the device until they graduate. They can take it home and use it. They have already had some unbelievable successes with the pilot. They found out that 60 percent of the students had nothing which says a lot about the missing link in education as far as getting out of the classroom. That had allowed students that had cancer to be able to continue learning, or students that had a death in their family could keep learning. It was unbelievable what that was going to do to opening up their students. That was one of the priorities. They are not just a Chromebook, that was just a small piece, but that was the foundation for what they are trying to do. The second piece of that was teacher tech savvy. Make sure the teachers understand how to use this. Make sure that technology is not used just for the sake of using technology. They had invested over \$100,000 making sure that all the teachers understand how to utilize this as a tool and not as a replacement for anything, which was critical. Work base learning was another piece. All of the pieces were equal and they are working on them simultaneously. Work base learning was so critical. When he came in as the Director they had 180 student and about 50 businesses. In three years they went to 740 students and 140 businesses. These businesses are hiring these students. Duke Energy was hiring these students when they come back after a four year degree. They are putting interns everywhere. It is critical that they connect with these students and these parents. They just don't know what is here. We have got to build those relationships. They also have to use this as a platform for them to understand what work looks like. You can't get that from a textbook. They need to get out there in the world of work and see what it is like to see if it is what they want to do. He referenced the success of a student who is going to be a cardiac surgeon. The effect it has on students was phenomenal. They have got to make that connectivity. He thought it was easy because he had never been into a business that wasn't willing to take someone. Everyone needs people to replace workers that are retiring and to fill jobs. It thought that was a huge piece to making this work. Character education was another piece. If they can show up on time, get along with other people, and don't stink, they will teach them everything else. They have got to address that. They have to start addressing that as soon as they walk in the doors in education. They want to transform that character education from elementary into employability skills as they move into high school and college. They want them to understand some expectations and what it is like to work as a team player and be part of an organization. They also want to look at business engagement. Businesses are always willing. When he approaches businesses he advises them they are there to create an employable product if they want to make an investment. If they don't they will be one of those companies that is not going to have workers in a few years. It is imperative that they build those relationships and businesses get it. They want businesses to give them input

on what they are teaching not a curriculum from the State that is 10 years old. They want to be flexible enough to be able to interject specifics into the education system and to create new courses that are specifically driven around what they need. Career adaptability was important. It was important to have mechanisms and connectivity in place for those folks who are already through the basic education system. They want to make it easier to come in and out, so there is no real end to education and there is no real specific degree that says you are done. They have credentials and diplomas and certificates, and four year degrees. Every job requires different things. If you quit learning then you are not employable any more. They wanted to make sure they had those mechanisms in place and facilitate things. They are not reinventing the wheel, they have academies and they want to help further those academies. The construction industry came to them and they want to start a construction academy because they can't find any workers. Part of K-64 is making that happen. Finding the funding and finding and connecting the dots to start those academies. He mentioned career and college promise. In North Carolina the State has a deal as long as you are enrolled in public high school education you get free tuition to college for those two years. You can take courses through the community college that are transferable to Lenoir-Rhyne University for free. You can get almost two years of college out of the way before you ever leave high school. The only cost was enrollment fee and text books, everything else was no cost. They want to expand that. They want parents to know about that because it saves a lot of money. They had 999 students enrolled in Career and College Promise (CCP) in the County. That was a cost savings of five million dollars to the taxpayers of Catawba County. They can double that and part of what they are doing with K-64 is spreading the word and finding the money it takes to double that kind of stuff. They are about education. Education is key. Education to not only to help the ones we have but to attract people. People will come here if we become the educational hub in the southeast. He thought we could.

Alderwoman Patton asked if they were working with the private schools as well.

Mr. Story confirmed they were if they were a K-12 student in North Carolina, public or private you have access to this.

Alderman Williams asked how parents initiated getting their kids into the Career and College Promise program.

Mr. Story advised show up at the school. Every high school has this and the students have the information to share with their parents. All the school were presenting it. The information comes home from the students through the counseling department and through the community college as well. The opportunity is there, just making sure the students keep you informed.

Mayor Guess asked where the funding came from.

Mr. Story replied from the State legislation.

Dr. Whitt commented the high schools would probably like them to stay and take the AP classes. They want to keep the students there.

Mr. Story advised that it had grown recently due to education funding being cut on the K-12 size so the classrooms are getting bigger. The more students they can put into CCP the smaller classrooms they can make. They are encouraging them to look at the CCP options now because it is college courses and it cuts the classroom size down.

Mr. Millar reminded everyone of what Corning did with their headquarters. One of the reasons they left was the availability of workers. There were also some folks from CommScope that have decided to live on the other side of the lake. We want them to live in Hickory. Part of what they are trying to do is develop an initiative for parents to make a decision to live here to take advantage of the educational components in the area. Not only does their student get to take advantage of the educational program, but we also get to take advantage of the parents working. It has a double effect on our economy. He asked Ms. Keisler to explain the military initiative.

Ms. Keisler was very proud of the collaborative effort between the Chamber, EDC, and the NC Works Career Center. Employers want hard and soft skills. They thought about pools of talent that they could go after on behalf of the industry partners. The obvious pool would be transitioning military talent. There are 20,000 service members who transition into the civilian workforce every year just from a base in North Carolina alone. Since we have the need for employees and since we have the quality of life and the perfect place to raise a family the military population was targeted to go after. That would help employers to have access to that high caliber talent. A year and a half ago they formed the Catawba Military Taskforce. They went on base in Fort Bragg at the hiring our heroes event. They had a notebook of positions that were unfilled. They were meeting with 500 transitioning service members within the next year or year and a half. In talking with them they shared pictures of the community and marketing materials. They needed to bring them to Catawba County so they could experience everything that we have to offer. They contacted North Carolina for Military Employment which was a transitioning agency that helps connect those service members to their next phase of life, and pitched the idea to them. They hosted a hiring event. Not a job fair. Pre-matched candidates, resumes with job descriptions, and created interview schedules for the local employers, but not only that they wanted to give them a weekend get-a-way or a community experience to help sell the community. They put together a community excursion to sandwich around that hiring event. The event took place in September and it was called "Welcome Home Hickory Metro". She mentioned some of the events that it included:

batting practice on the Crawdad's field, the Catawba Science Center, a family outing at Zahra Baker Park, and ice cream, a craft beer and distillery experience, and a bass fishing tournament on Lake Hickory. They wanted to give them the experience of what it would be like to live here, but also to work here and connect with those quality employers. As a result they brought in 22 families, out of 22, four have now relocated to this community as a direct result of this initiative. Two others are in the final stages of interview. Twenty percent success rate in their pilot event. That is moving the needle. That was four roles that were unfilled and four families' kids are in the school systems. They want to do it twice a year. This is their capstone event and they want to surround it with three pillars, advocacy, access and awareness. Helping employers understand this caliber of talent, getting them access to it, and advocacy. How can they be the transitioning agent to make sure they have a smooth transition to our community and a welcome and inclusive environment that meets their needs as military professionals? A lot of good success and it was really exciting.

Mr. Millar congratulated Ms. Keisler on her first event and her success. He asked Ms. Johnson to explain incumbent worker programming. He asked why that was important for them for what they do.

Ms. Johnson advised July 1<sup>st</sup> they are going to be putting in place a local incumbent worker grant program. Not only do they want to recruit more people to come here, but also we need to grow our own talent. Within organizations they need to move people up. Maintenance Tech is the hottest button right now for every business particularly manufacturing and healthcare, even down to retail when you are talking about the HVAC component. This program was in place several years ago through the Department of Labor. They made it really stringent to the point that it wasn't really helping businesses. The Commerce has given them the opportunity to create this program at the local level. Businesses can apply for up to \$10,000 so they can train their current workforce on anything like process improvement, leadership and development, and project management. That program will be able to promote those people after that program and open up other positions maybe that are not at that higher skill, but then you bring in a succession plan and train up your workforce which ties right into internships. Maybe we have some good interns, promote supervision, and hire interns now, so it continues to open up doors around that realm. They are working on that policy now. She knew that economic development had used it a lot in the past. She advised the EDC that they were going to resuscitate the program on July 1<sup>st</sup> and they would be sure to pull together for an informational session for our economic development with the Chambers, and some of the community college partners to let them know this money is out there. A lot of the colleges can be a trainer for that program. They are really excited about training our own workforce, sometimes businesses just need a little help with that.

Mr. Millar commented it is certainly a part of the 13-64 aspect that we are talking about. He asked who the number one job generator was in America. Small business. Everybody looks at small business but they don't really understand it. We tend to think about it as retail shops, and salons, and you think about it being micro types of businesses. He asked Mr. Neville to explain why it was so important to take care of the small businesses and the entrepreneurial opportunities.

Mr. Neville commented it is a big source of job creations. Small businesses are categorized as businesses with fewer than 500 employees. Most of his professional career was spent in the hosiery industry with the family hosiery company where they had 400 people working for them and they were doing \$50 million dollars' worth of sales. He didn't think they were a small business, but the Small Business Administration might have considered them a small business at that time. If you look at some of the statistics of small businesses and survival rates and how many people work within small businesses, 50 percent of small businesses don't make it past five years. Usually 75 percent of small businesses make it through the first year by the fifth year 50 percent of them are still around. If you look at the number of employees in small business, look at the ones that survive that five year time, it is still 80 percent or so have one to ten people operating it. Whether it is the micro businesses, there are still lots of them, they don't necessarily employ 50 people, 100 people, it might be 8 or 10 people, but they certainly improve vitality of our economy and community. He looked at some of the folks that had come through the Small Business Center. If he looked at industry code in terms of types of people that came through their Small Business Center the largest one was actually manufacturing. Those can be individuals who have an idea for a product and they partner with the Manufacturing Solutions Center located in Conover, which is also part of CVCC. They have some pretty interesting and unique manufacturing operations that they are incubating down there. The second biggest one was retail. They work with individuals to help setup shops whether they be on Main Street or online type of operations.

Mr. Millar asked Mr. Muller to explain the mix of stuff that CVCC does and put a finer point on some of those opportunities.

Mr. Muller advised they have a lot of things going on. Pulling it all together and coordinating was really the fun part and working with all of the people. One of the phrases they use a lot, "we don't lack for opportunities; we lack for the resources". They have to look at the priorities and what will have the "biggest bang for the buck". There are so many things happening with the skills gap that we have we need to fill workers for our employers. They are looking at the Workforce Solutions complex which will have all of their technical programs; engineering, HVAC, machining, automotive and welding. There is a dire need for all of those students coming through. They are trying to figure out how to get their students through their program, well trained, so that they can go into the community quicker. A lot of them go through CCP and that is one of the areas that he, Mr. Story and the high schools are working on together. It was a handful of students not so long ago and now they are close to 200 students. They just added their fifth high school program in welding just

a year ago. The CCP program is a feeder, not only the four year school with college transfer, but also the technical programs at CVCC that will get them working quicker. The academy model came in so they could have shorter term training to get workers into the system. They will earn credentials so they will be very qualified in the furniture academy. The furniture academy started in Hickory with the Catawba Valley Furniture Academy and it is truly second to none. It is the model for across the country. The success of that lead to the Alexander Furniture Academy which was doing very well. It was the same model, but they are different. The partners in Catawba Valley Furniture Academy needed a certain skill set for upholstering and sewing and the partners in Alexander County had a little bit different need, quality and the type of products that they were making. They didn't change the model, they worked with the departments and came up with the model that they wanted. They facilitated what they wanted done. They work on the soft skills to get them ready to be better workers when they go into any kind of manufacturing situation. It had been successful and they continue to refine that specific academy to meet the needs of the growing community challenges. There were situations that lead them to the construction academy that they are working on right now. A little bit different than furniture academies and manufacturing academies. Construction partners are helping them decide exactly what they want to do. They looked at one point in creating a degree in construction at CVCC. Western Piedmont has one. Their partners said that would be two or three years down the road until we get workers. They want to setup quicker training to get into the workforce quicker. They look at every situation and then decide what the best way is to attack it and get workers into the workforce as fast as possible and well trained.

Mr. Millar asked Dr. Whitt to explain the economic impacts of the University and the influence on older and local students.

Dr. Whitt commented there must be a myth out there. He asked what percentage of Lenoir-Rhyne students they thought were located within 45 minutes. He advised it was over half. They have approximately 2,500-2,600 students enrolled at LRU. In the fall that will be closer to 2,800, so they are growing. That will be the 10<sup>th</sup> consecutive year of increased enrollment in the University. That is unbelievable in private education. A lot of people will think that is because they added a campus in Asheville and a program in Columbia. That helped but that was only 300-320 student of that 2,800. The rest of them are right here on campus at LRU. He advised that 55 percent of their students are coming from within a 45 minute drive, they are from within the unfour area. About half of those are from right here in Catawba County. That is becoming truer of private education universities. It is real different than in the 70's. He discussed the makeup of their students, 33 percent of them were diverse. You want find that at any of the State universities. Over half are Pell Grant eligible. They are doing a better job of educating students from the western half of the State, especially from small communities. He advised that their students are great, they are humble, have strong work ethic, are from the small towns, and they are doing a really good job to educate them. People think that it is too expensive. It is \$48,000 a year to go to Lenoir-Rhyne. If you look at their discounts and look at their scholarships, 92 percent of their students are getting scholarships. Hardly anybody pays that price. They are trying to work through K-64, they are ready for him to come out with something. They are working hard to try to come up with an incentive for Catawba County students. If you go to a Catawba County high school and you come through CVCC that you could come to LRU for a significant discount, hopefully close to half price of what it would cost for tuition. That would mean you could go as a commuter student to LRU cheaper than you could go as a residential student in the State universities. Instead of \$48,000 you may be looking at \$18,000. That is significant. They are probably doing that now, but it is amazing how many people think that wasn't touchable to look at LRU because it is too expensive. He wanted people to give them an opportunity because they are really trying to provide that access. One of the things they want to do with K-64 is have that seamless transition from high school, to LRU, or through the community college to LRU and keep the students here. He referenced studies that showed students would go back and live and work in many times in the areas where they are from. If we have half of them at LRU then we have already got a jump ahead. As they have new programs, programs create graduates and those graduates fill jobs. They have 50 different undergraduate programs at Lenoir-Rhyne and 30 different graduate programs. Ten of those had been added just in the last five or six years. There hadn't been 10 new academic programs added at Appalachian in the last 20 years. He referenced articles that say North Carolina is going to have one of the largest shortages of nursing in the next 10-15 years. They are graduating nurses and physician assistants (PA), and occupational therapist. They have made a decision to move into the health sciences. Those are not just jobs, those are well paying jobs. They are going to start their doctorate of nursing practice which will be a family nurse practitioner degree at the doctorate level this fall. Those starting salaries are usually closer to \$100,000 as well as the PA programs. As they grow they are bringing in families. They had had 40 new folks in the last two years. He advised 32 had bought houses in Catawba County. They have children that go to school, they are shopping, and paying taxes, that is a boost to the economy in itself. They want more students from Catawba County. They are not just a Lutheran school. They pride themselves on having ties to the LCA. There are only 26 Lutheran universities in the country. Only 15 percent of their students are Lutheran. They are very open. Part of the Lutheran traditions and heritage is to be very rooted in their beliefs but to be very open and welcoming to all. He thought that is what they would find on campus. It is a great place and he loves it. The thing that blows him away has been the quality of the programs that LRU has and the quality of the faculty. You can get an absolute great education here and it is their goal to make it more accessible to the local student, so in turn it increases the workforce as well.

Mr. Millar mentioned that the City of Hickory and Catawba County were participants in assisting the acquisition of what became the Health Science Center a few years ago. They made some commitments to bring students in. Not only were 40 faculty members new to this area as a result

of the growth that they had in the last year or two, but there is a new cycle of 48 new PA students alone.

Dr. Whitt advised the first class would graduate in May, and the third class is in now. They actually have 130 students. About 70 percent of that group are out of State because it is so attractive. They love this area. One of the options if we have students that are already here, we want to keep them here as millennials, but to bring that many from out of State and who are educated here, and are doing their clinical rotations in this area, to keep them in this area was a real opportunity to recruit.

Mr. Millar commented they have to live somewhere, they have to be close to campus. He advised it was a great program. There were a lot of programs and they had only touched the surface of the iceberg. He asked what needed to be said to City Council and what hadn't they not dealt with that they were particularly interested in.

Mayor Guess asked about the branding issue and disconnect between branding and communication. From Council's perspective that seems to be sometimes where they miss the boat. How do they get the word out? How do we brand? How do we communicate? And how do we tie this all together so that we are not duplicating services and duplicating work?

Mr. Muller commented the key is all of these organizations working together. They all are talking on a regular basis to maximize the effort. What CVCC is doing compliments the other programs. They are not doing something that is going to be competitive. Communication is something that they are working on.

Alderwoman Patton asked if there was a way they could tie in with the City's branding efforts.

Dr. Whitt commented the City Walk is going to be a game changer. To be able to have that walk for the students to go downtown and that will be easy access.

Ms. Keisler added that Dana Kaminske and Sarah Killian were both doing impeccable jobs in communicating to disseminate that message that is most relevant. There are certain things that aren't so relevant, but some things need to be told. We have such a huge story to tell and we do need to package it. This summer she will be working with a partnership with the City and the County putting together a talent attraction guide to come along side of HR departments to help them sell our community. There is a livability factor but education was a huge piece of that. It would be like a snapshot, something that has the integrity of a printed piece but it is also fully digital that you could simply send someone a link to bring people from outside this community and tell the great stories of our area. That is just one piece and there are certainly other things that they are working on around, web presence and bringing everything together. That is a huge challenge because we have such a big story, but they are working on it.

Mr. Story added he thought the most critical piece was this right here. The success they had experienced in the education side and growing what they are doing was getting in front of people and explaining it and those folks going out and explaining it and spreading it like fire. They could make a lot of brochures, newspaper ads, and websites, but there is always a group of people who don't always have access to all of those things. We have to talk about it. Council has to understand it and they have to leave there and tell folks the message that they have all talked about. It was critical. Without that face to face, explaining, talking and discussing he didn't think they were going to be successful.

Ms. Johnson commented they are all involved in each other's "sandbox" of activities. When they are sharing she could talk enough about K-64, the "Welcome Home Hickory Metro", and LR are involved with them at the NC Works Career Centers and the academies at the college are really helpful too. If she is marketing she can market for all of them and not just what she is doing in the NC Works Career Centers, but this is how they are impacting things collectively. They are a force to be reckoned with and the collaboration and all of the activities. There was strength in numbers. Even when they share on social media they are constantly sharing each other's information, giving accolades, getting things out there collectively so it doesn't look like they are running into each other per se.

Dr. Whitt suggested links on each other's websites.

Mr. Neuville mentioned they had some connections now with the Business Development Committee which meets once a month and is intended to help promote business activities in Hickory. There is a standing volunteer committee that does that. They have developed some programs to help promote entrepreneurship and have worked with the recreation department on a program at Ridgeview Recreation Center called Students with Attainable Goals (SWAG), which is an entrepreneurship program. They are planting some seeds down there. They work with the Chamber on the Edison competition and Ralph Griffith at Lenoir-Rhyne on promoting that. There are some good activities that the City is involved with and some opportunities like Edison where the City could get more involved in promoting some of the business activities. He thought the doors were certainly open whether they were through the Chamber or through CVCC, or any of the other organizations.

Ms. Keisler commended Dave Leonetti. They had a great sit down and his desires are to be more

engaged with small business entrepreneurship. She thanked the Mayor for coming to all of the ribbon cuttings. That was their pinnacle when all of their dreams come together and they get to officially open their door. Mr. Leonetti also wants to make sure there was a Business Development Committee (BDC) member present to show the City's support of that new business in our community. Some of the small ways that are seemingly insignificant, but are huge to those individuals.

Alderman Williams asked what type of impact they had on the minority community. He had heard that programs at CVCC had grown 700 percent. He asked what type of impact had that had and what was the percentage of minorities. K-64 what percentage of minorities were they helping and effecting small business. What percentages of businesses? What type of impact were they having on the minority community and what were they doing to continually stay and being involved in the minority community, specifically African-Americans?

Ms. Keisler responded in terms of attracting and growing our population to fill jobs they would be so remised if they did not look to be more inclusive and celebrate the diversity of our community. Our population growth is attributed to minority groups. African-American, Latino, and Asian populations, particularly Latino and Asian populations, have been the only sectors that have grown over the last decade. He brought up a great point, they have got to work together, this is not a social issue, and this is very much an economic issue. She thought they could all form a committee to help address. Again it goes back to filling jobs, economic inclusion, bringing people to realize their full potential.

Ms. Johnson advised their next generation program which targeted 16-24 year olds, about 30 percent of those they serve were minorities. That included helping them finish their GED and/or go on to college and also their internship program, where that is a paid internship. They had done 51 internships for that age group since July. The average wage started at \$10.23, a fourth of those will get hired and they will go on to school, some will even go on to four year universities. They have actually expended a little over \$146,000 in paid internships and 30 percent of that was minority population. That was part of their spinoff leadership groups to really look at that. They are working with Dr. Summer Carroll from LRU to see what they can do about that. There was a lot of work to be done.

Dr. Whitt advised they were 30 percent diverse. He welcomed Alderman Williams to come on campus. When he had his inauguration there were colleagues that came from all of the other schools that he had been to represent, the first thing they said was they had no idea the diversity of Lenoir-Rhyne. They want to try and create a welcoming environment. He advised they had hired seven or eight new staff positions in the last twelve months and half of those were African-American. Their African American students feel very welcome in the community. They need more faculty. They want to see African American faculty in the classroom. It is very competitive out there and they recruit very hard. Three of their last honorary doctorates had gone to African Americans. They are doing everything they can do to enhance the diversity and being more active in the community. They also had a MLK celebration on campus and he participated in the walk with the NAACP. They want to change that myth. Lenoir-Rhyne doesn't have a wall around it, it is a comfortable and welcoming place and all are welcome.

Mr. Muller mentioned that CVCC's multicultural affairs program is a key part.

Mr. Neuville thought they all had to be intentional about that. Currently with the City's Business Development Committee they are looking to add more diversity to that. It is a voluntary committee, and he urged people to apply to be on the committee.

Mr. Story advised when he got into the job they had one African American teacher in the school system in their education area. Over the last two years he had hired five in the areas of computer science and engineering. Mainly he wanted students to see what that was about, those folks can be in those positions. He chose an African American intern to be interviewed and videotaped because he wanted other students to see what is possible. He advised a lot of the African American children feel that there is not opportunity. We have got to change that mindset. He knew a lot of them struggled with the documents for college. They are talking about getting a permanent liaison employee of the college at the high school there every day assigned to that high school to be able to coach those students and give them a good transition from high school into the college. We lose a lot there because they just don't know how to do the paperwork because it is hard. A lot of students don't have that person at home to do it for them. They are trying to facilitate that. He referenced a book and commented that the majority of our population would be brown and gray in 2050 if we did not do something now to address that we are going to be in a bad spot. They are making this effort all the way down into the K-12.

Alderman Seaver mentioned he was a retired public educator. The biggest disconnect that he sees was we need to do something with parenting. What can we do for parents to help with their children? Get parents more involved.

Ms. Johnson mentioned the Catawba County Early Childhood Education Summit would be at the Metro on Monday. She advised that summit might be an interesting opportunity to be a part of that conversation.

Alderman Seaver asked how many of those parents that he was talking about would be there.

Ms. Johnson commented everyone needs to be aware of that. Our churches, civic groups, and

other avenues that we are involved in, whatever we know share it and get people involved and let them know about all of the opportunities which are available, things like Career and College Promise. It takes a village.

Mr. Story advised that he went out at Christmas to a poverty elementary school and they gave him 15 minutes before the Christmas play to speak. He talked about the opportunities of K-64 and businesses and what they had going on in Catawba County. When he went out into the hall 50 parents followed him out there. Not about the children, but about themselves. There is a lost generation there that we are not getting to. He thought that we have to get out into those communities and those places to tell them the message and let them know those opportunities are there.

Mr. Millar commented as you can tell we have just touched the surface. Council's interest shows what we need and the curiosity is what they have got to resolve.

IV. Tour the Facility

At approximately 11:00 a.m. City Council and Staff toured the facility at CVCC. An in-depth tour was taken of ValleySim Hospital which was a makeshift hospital facility where students have hands on training in the medical field.

V. Lunch

At approximately 11:42 a.m. City Council broke for lunch and reconvened at approximately 12:43 p.m.

Dr. Whitt, Lenoir-Rhyne University President, presented a PowerPoint presentation. He advised he came to Lenoir-Rhyne in February of 2017 as President, so he had been President for just over a year. He commented that the quality of their programs and the faculty was much better than he ever dreamed they would be. He expressed his love of living in Hickory; with great restaurants to dine in; beautiful subdivisions, old and new; two great hospitals; a great school system; world class community college; the lake; minor league baseball team; the SALT District and the YMCA. All you have to do is take people on a tour and they are sold. It hadn't been hard for him to recruit top level people. He mentioned that LRU's mascot was the bear. He referenced the PowerPoint which was a photo of the LR bear holding LR's logo and the City of Hickory's logo, which indicated the two entities working as a team. As LR grows Hickory will grow and as Hickory grows and expands it attracts more people into LR to want to do things with them. They want to be open and engaged in the community and welcome to all. Dr. Whitt showed the mission statement for LR: in pursuit of the development of the whole person, Lenoir-Rhyne University seeks to liberate mind and spirit, clarify personal faith, foster physical wholeness, build a sense of community and promote responsible leadership for service in the world educating our students for life. He mentioned that employers want kids who can critically think, problem solve and can work in teams and understand the world issues. That is what they do. Dr. Whitt discussed the profile of Lenoir Rhyne: they were founded in 1891, and are one of 26 Lutheran ELCA universities in the United State, there are only three in the southeast, South Carolina, North Carolina and Virginia. The rest of them are in the Midwest and other parts of the country. They have all types of denominations and believers on their campus. They have a nice healthy and welcoming environment on campus. He mentioned they were three towns, one gown. Hickory was their main campus, but they had opened a graduate center in downtown Asheville where they have about 200-220 students and about 10 different programs there. They merged with a Lutheran Theological Southern Seminar in Columbia, South Carolina which was an independent Lutheran Seminary and is now a part of LRU, which is through their college of theology. You can go there and get a master of divinity and become a Lutheran pastor. He advised that 30 percent of those students have to be Methodist and Baptist. He referenced the facility at LRU which they had built a two-story building to add health sciences. There were 220 applicants for 40 slots this year in the occupational therapy program in Columbia. That helped the infrastructure of the seminary because it had been a little down in recent years. There was only one other occupational therapy program in all of South Carolina. He advised there was a 13 to 1 student faculty ratio and approximately 2,700 to 2,800 students and they are growing. They hope that will be 3,000 soon, potentially 3,500. They think they can expand and handle more students on the campus. He advised they had 50 undergraduate and 30 graduate programs, and 22 NCAA Division II sports in Hickory. He referenced the economic impact of people coming in to all of the sports events. They are staying in hotels and shopping. He advised that five parents of graduates had built second homes here in Hickory because they enjoyed it so much. He advised there was 70 clubs at LRU: band, dance, debate, choir, and esports. He invited everyone to come and hear their acapella choir sing.

Dr. Whitt discussed points of pride: nine consecutive years of increased enrollment. They felt they were going to have a strong freshman class and would be in their tenth year of increased enrollment. They had spent \$60 million dollars in new or renovated buildings/projects, and approximately \$45 million dollars of that had been at the Hickory campus just in the last five or six years. They hired local companies to do that construction. They would cut the ribbon on the new Alex and Lee George Science Hall on Friday, March 16<sup>th</sup>. As they have grown the health sciences they have got to have laboratory sciences and be able to have state of the art facilities. He referenced the PA (physician assistant) program and advised you had to have a four year degree to be able to enter into a PA program. They just admitted their third class in January and the first class will go through the graduation ceremony in May and finish up in June. Those are jobs that are in need, everybody needs PA's and nurse practitioners, and those are good paying jobs. They have a master of public health graduate program which is nationally accredited. There are only

five in North Carolina and they are the only one at a private school that is nationally accredited. He mentioned LR had their first student, Thinh Truong, win a Fulbright Scholar. Mr. Truong had attended Hickory High School, and now was in Finland studying nuclear engineer. Their endowment was around \$110 million dollars. Only Davidson, Duke, Wake Forest and Elon have a larger endowment along private universities. They are in good shape from a financial standpoint. A lot of that is restricted to certain things, but to have an endowment of that size they have good financial stability.

Dr. Whitt discussed new and expanding initiatives. He reiterated that growing LR grows Hickory and growing Hickory grows LR. They want to expand in health sciences. They have occupational therapy and nursing has been around since the 1960s, the PA program now, and nutrition. They are real strong in the health sciences. They added the first doctoral program to campus the doctor of nursing practice (DNP), which was to get certification as a family nurse practitioner. They will probably have 24 in the first class and it will be online so students can still work. They will come to campus for emerging experiences. That will happen this fall. He discussed the William & Robert Shuford Center for International Studies who gave \$5 million dollars to the campus. They had endowed their center for international studies as the William & Robert Shuford Center for International Studies. They are making improvements to campus. They are looking to change some lighting and some landscaping. They now have the gym air-conditioned. He mentioned the City Walk is going to be a game changer, it is going to be great. He thought that would get a lot of students to downtown Hickory and get downtown people to the university. He thought they could do a lot of unique things along the City Walk and even take some of what they are doing on campus out to downtown. He mentioned they are part of K-64. They had not been, but when he came he talked to those folks about it. There was a component in there for higher education. They want to try and provide some incentives for Catawba County students that have a B or B+ average, who want to come to LRU with a pretty significant scholarship so that tuition may be cheaper for them to come here than to go to a State university as a resident. Getting that cost down is what they are working at. Hopefully they will be able to come out with something as their first initiative for K-64.

Dr. Whitt discussed strategic themes moving forward. Themes that will always be focused on were academic excellence, quality people and quality programs. If they are going to have a PA program it needs to be nationally accredited and be first class. The same way if it is a music or history program, or an education program. They want to build a cohesive and collaborative culture both on campus and in the community. They want to develop community partnerships. He mentioned culture sustainability, not just environmental but personally sustainable as citizens and help people be more entrepreneurial and more innovative. To be financially sustainable and socially responsive and sustainable and certainly environmental. And then the transcultural opportunities to bring the world their students and their students in the community out to the world. The world is shrinking every day.

Dr. Whitt discussed economic benefits of Lenoir-Rhyne and some of the workforce development. As they create new academic programs that is going to create graduates. They are going to fill jobs, good paying jobs, which will enhance the economy. They added 10 new academic programs, most of those at the graduate level. Their enrollment was pushing 2,800. They have almost 1,000 graduate students at LRU. Appalachian has approximately 1,500 with 20,000 student, 10 percent of that many students. They almost have the same number of graduate programs. You get some adult learners coming back who may want to retool or have a second career. Or come back and get a master in teaching or a health science degree. You see a lot of that in the PA program. You see students from the military. A hot source of recruitment was folks that have been medics in the military. They are coming back and going into the PA program. Also as they grow students they add faculty. If they add faculty that is growing the economy. They are adding 10 new faculty positions which they are recruiting now for next year. As they grow more students, then it is going to grow businesses and create more folks buying meals and shopping, but also folks moving here to grow faculty. He referenced the success of their sports activities and the impact it has on the economy. They have a lot of events on campus. He wanted to get some data and do an economic development study to see what the university brings to the area. As they have more and more and grow their athletic programs people are coming in to watch the events and that helps enhance the economy. As they expand the campus in size it creates the need to have more facilities on the campus. If they use local construction firms and developers then that creates more jobs for them. The science hall will be an \$18 million dollar project when it is finished. He referenced the construction of the chapel, the \$5 million dollar investment in the new apartment style complexes on campus, and the University Christian High School which they provided land to. He would like to add a couple of new residence halls, a new class room building, etc., and that would help the economy by adding jobs through the construction industry and keeping those jobs here. LR graduates in Hickory produces a lot of millennials. He hears that we need more millennials in the community. Young people to stay. It is a proven fact, people who graduate from a school, usually go back and tend to want to work where they grew up in a lot of cases. If they had more students, over half from Catawba County or the unifour area, then they are going to get more students that stay here in the area. He advised they didn't have any problems with the LR students. They come from humble backgrounds, they don't feel very entitled, and they are hungry, very polite and have an incredible work ethic. He advised they were a pretty neat group of kids. He had never heard any of the students talk negatively about one of their programs or one of their faculty members. They would like to have a little bitter housing, but they are so appreciative. He had fallen in love with their students.

Dr. Whitt discussed dreaming what they could be. His goal is to take LRU to a higher level of excellence in everything they do. They need to do it first class and do it really well. He thinks of

Elon as an aspirational peer. In 15-20 years he would like folks at Elon to say they would like to be like LRU. Keep getting better and being successful in the community and help partner with the communities in which they live and work and make things better. He showed an aerial view of LR campus. He pointed out an area which was owned by Hickory City Schools, which they had been talking with them about some partnerships they could do on that parcel. He pointed out on the aerial, the parking lot, track, baseball field, and the location of the new apartment complex. You could do some pretty exciting things looking at the footprint of the campus. He pointed out an "X" area on the aerial, which could be a potential area for a new facility and bring in some top notch things for the economy. He noted some areas where they could grow potentially. He advised they had expanded a lot and put some money into new programs and money in Asheville and Columbia, but he wanted to focus on putting some money into their infrastructure in Hickory and grow that. He mentioned that their bread and butter would be their undergraduate students. This year there was approximately 390 in the freshman class, last year 440. They want to get at least 500 freshman and have a retention rate of about 80 percent, which put them up near the top. Then you start growing and you wind up with 2,000 undergraduate students and 1,000 to 1,500 graduate students and you are looking at maybe 3,500 students where just a few years ago it might have been 1,500 students. They want to be partners and work together to try and make things better. He asked Council for any questions.

Alderwoman Patton thanked Dr. Whitt for hosting the homelessness forum.

Dr. Whitt commented that was great. It was packed. One of the keys in the LCA was social justice and homelessness. It was very appropriate for them to host such an event like that, where folks from Hickory came together to discuss the need for affordable housing.

Mayor Guess asked what property LRU owned that was available for future expansion.

Dr. Whitt advised they are little landlocked. He referred to the aerial map. He pointed out the residence hall, LLC and Price Village. He showed a parcel which they are trying to purchase and will be meeting with their Board next week to ask for approval. They had some conversations with the Mausers where the baseball field ties into their property. There had been some talk about that and also about the golf course field up the way. If they ever wanted to sell that, it would really open up some possibilities. Their dorms are small. He showed the locations of where they had talked about putting residence halls, but there was not a lot of green space. They have 22 sports and it is hard to have fields for all them to practice. They are a little landlocked and they have to be a little creative. There is some potential to do some things and still be there. They probably need to repurpose some buildings. They could take some of the old residence halls on campus and repurpose those for academic buildings.

Alderman Lail referenced the Highland area which was anchored by the Highland Recreation Center and there had been new development across the street there. He mentioned there was a neighborhood located there which was in desperate need of revitalization. It was primed for it because of its location. It was easy walking distance from LRU, to get onto the City Walk, or get anywhere in town. He thought Highland was a great opportunity.

Dr. Whitt noticed that the basketball team was doing some spring workouts out at Highland while they were air-conditioning the gym. They are doing a partnership with the YMCA because they do not have tennis courts. They are hosting all of their tennis matches at the Teen Center at the YMCA. In a trade off their coaches are doing free clinics for the folks at the YMCA and they are paying some to do it. A great partnership there. They had also talked about doing some of their intermural sports programs at the YMCA when they are not in season, they probably could do the same thing potentially at Highland.

City Manager Warren Wood asked if reaching 3,500 students was a formal goal or if there was something realistic beyond that even.

Dr. Whitt mentioned in their by-laws they do a new strategic plan every five years. The current one was 2013 to 2018. He advised he was having some administrative changeover. One of the things they will do in the fall will be beginning that process of strategic planning. The last one did not include advancement, athletics, enrollment management or where they are going. That will be a part of it, how do they get there. When you look at campus enrollment you have all of these valves, and maybe if an area is down a little bit you crank up the transfer students, or you crank up a few graduate programs. He thought they were maxed out at what they could do with the residential students on campus. He advised they actually have openings in their nursing program. They could take another 10 students in their nursing program. Sometimes it is getting the word out, about the opening and what the affordability is. It would be sustained and planned growth. Not just they are going to open the flood gates and have more than they can handle. They can house 1,000 students on campus in their residence hall. They have several more that live in apartments in and around. He would like to raise that capacity to about 1,200 and look at having more transfer students. They could handle a few more transfer students because they don't create a lot of the issues they have the first couple of years with housing and they certainly could take some more graduate students. There was about 450 - 500 graduate students on campus in Hickory. He would like to get a couple of residence halls that are larger than 150 to be able to have a more living and learning community of freshman and sophomores. Some of the apartment areas they have converted to housing for more of the graduate, senior level, because they are interested in housing as well. He thought they were very close to getting to 3,000 over the next couple of years. Where they go from there, they will be a little more strategic. The philosophy has been you grow by adding new programs. Most students will pick a school, not for the programs, but for the school at

the undergraduate level. Then if they are going to graduate school they pick it because of the programs. They want to make LRU a first draft, or a destination place. They could do a little better job with more student activities and create a culture for the kids that are on campus all weekend. Having the City Walk will be great. They could add 200 students in Columbia and Asheville and all of a sudden they become 3,100 and they don't even add anybody to Lenoir-Rhyne's main campus in Hickory. Their overall goal could very realistically be 3,500 or more, but they want to see how they strategically deal with those population. What they want to see in terms of undergraduate students, and how many residential students versus commuters? How many transfers? And then you can kind of start putting the picture together of what you can handle. He didn't like to be all things for all people. In Asheville there are 10 to 12 programs, but 80 percent of the students enroll in four of them. Do they need to have the other programs, or should they put that where their strengths are? He encouraged everyone to visit the campus.

City Attorney John Crone mentioned he grew up four blocks from LRU and the way it is now it is on its way to being an Elon, and one day in the future it will be a Furman. He couldn't believe what a class institution it had turned into.

Dr. Whitt thanked Mr. Crone, but they have to keep making it better though. He referenced they needed good curb appeal. He and others had problems finding the entrance to the campus. They had put up a new entrance sign and took down some bushes.

Mayor Guess mentioned the partnership with the City. He asked if the apparel for LRU could have the City of Hickory, North Carolina and LRU all incorporated into the same shirt, or whatever it would be. To incorporate that and show that partnership with LRU and Hickory. He felt that was a branding and marketing strategy that maybe we are missing. It sounds pretty easy. It was something he felt they should work on.

Dr. Whitt advised that their university seal said Hickory, North Carolina. He showed a photo of their seal and pointed out Hickory, North Carolina. A lot of people think they shouldn't put that on there anymore because now they are in Columbia and Asheville. He said no, we are in Hickory, North Carolina and we are proud of that. They have a company doing some preliminary work on new logos for the campus, a rebranding, and it is hard because people like LR the way it is. They had changed the bear a little bit. Some people don't like the bear's paws because they look as big as the head. Or you can't see the bear's eye. They had done some subtle changes to the bear, any time you start messing with that it gets a little tough. In his presidential medallion that was made, they kept in right there, Hickory, North Carolina.

Communications and Marketing Manager Dana Kaminske advised they had been working really close with Freese and Nichols and they are talking about some future partnerships and working together and sharing those things.

Dr. Whitt advised that was on their banners. When you are coming up the street from Lenoir-Rhyne Boulevard have some Hickory banners, and Lenoir-Rhyne banners. They had decided to move marketing over to advancement and the person that heads that up was formally with Davidson.

Mayor Guess commented the only place that you can really buy apparel is at the store at the LRU campus. He didn't know if there was the possibility to get that expanded.

Dr. Whitt mentioned they might could open up a shop in downtown Hickory, or along the City Walk, whether it was apparel, or have someone there to work with small business and not make everyone have to come to campus, but they could get out into the community. They have folks at the sports games that sell apparel at those events. He referenced the City's seal and pointed out the blue area which represented the river, and the Hickory tree leaf. He referenced his experience at the football game, in which he enjoyed the atmosphere. They are doing a lot to try and enhance the culture and experience and getting folks to campus. He advised this week there were junior high kids on campus. Some bands were coming in. In K-64 they would like to create an anatomy/physiology camp in the summer on campus. Start getting them in the middle school years and then you start getting them interested. Early college is great. There were a couple of students that had gotten offers and had gotten scholarships at Wofford, Elon and Appalachian. They had such a good experience in classes as a senior in high school at Lenoir-Rhyne, they think they might just want to go here. He thanked Council for the opportunity and their attention. He advised it was pretty accessible, they could send him an email at [fred.whitt@lr.edu](mailto:fred.whitt@lr.edu). If he could answer any questions, or if they run into any issues. They want to be a big part of the community and the City. When he thinks of the City Walk and the Riverwalk, it is going to be a great spine running through the City with all kind of tributaries coming off of it. He thought that was extraordinarily exciting. He grew up 38-40 miles from Hickory and had been through Hickory many times. We all think of Hickory as coming up 321 to the mountains, or going on Highway 70 to the furniture mart and the malls and the car dealers. His brother came to visit and he couldn't believe how assume Hickory was. Their renewal of students once they get on campus is extraordinarily high. It is an easy sell. People are very excited to be here.

#### VI. Bond Projects Update

City Manager Warren Wood advised the next segment would be an update on the bond projects and then the financial piece of that would follow with Ted Cole from Davenport.

Assistant City Manager Rick Beasley remembered Hickory when he left in 2005 and he and his wife had come back and couldn't be happier moving back. He thought that one of Hickory's biggest

assets was its location, how close we are to the mountains, Asheville and Charlotte. We have to find a way to sell that as we develop tax base and jobs and all the things that we are trying to attract. Council had heard a whole different story than what they had heard to stimulate development. The promise of it had been a big help. He advised they would discuss why they did the bonds and how they selected which projects would stimulate the most growth. The two areas that Council wanted in the bonds were jobs and increase population. Council would receive an update about the project that we are already involved in and then the approach of the Office of Business Development to take advantage of the stimulus that was provided by the bonds. A PowerPoint was presented which contained the bond project update information.

City Manager Warren Wood mentioned what the City went through employment wise between 2000 and 2012. He referred to the PowerPoint and advised that Hickory lost 25 percent of our jobs. That was what got the whole initiative started with the bond program. He pointed out the age group between 20 and 44. The core employable age, the group that you want to retain. We were losing heavily in that group. He referenced the statistics from the earlier presentation 3,000+ jobs in Catawba County and 5,000 in the metro area. More jobs than we have workforce for. That is what they are trying to fix. That was not a sustainable course if we didn't turn that around. The bond program developed these amenities that the younger population wants for and to attract them and try to retain them, as well as, older folks too. A source of amenities that the millennials and others are really attracted to in creating a different kind of feel in Hickory. That was a big piece of why the bond initiative was taken. The precursor to the bond initiative was the Inspiring Spaces plan.

Assistant City Manager Rick Beasley referenced a composite project map and advised all of this was what the City wanted to accomplish to attract the younger demographic and increase the population and hopefully bring headquarters into the City. After the bonds were passed the Bond Commission and Council selected basically five projects with the \$40 million dollars that was approved: Class "A" Business Park; two gateways, on Highway 70 and LR Boulevard; the streetscape on LR Boulevard to make you feel more welcome as you come into town; and the "spine" which included City Walk, Riverwalk and the streetscapes along Old Lenoir Road. They are talked about as bond projects. They need to come up with a name for that, which is 5.2 miles, and it is all connected, 26 percent of the population of Hickory of the neighborhoods are connected to that spine. It represents almost 10,000 residents in the City of Hickory whose neighborhoods connect to that spine as you build it over the next three to five years.

Assistant to the City Manager Yaidee Fox referred to the Bond Project Map and pointed out the City Walk and the Riverwalk, and the 321/70 Gateway. She updated Council on the City Walk. We are currently in the review stage with the City, NCDOT and the Federal Highway Association. They are getting things on track with the project to be bidding in May. The review for the bids, Board approvals with Council, as well as the NCDOT Board, will be happening in late June. Once approved they can award the contract. They are still on target for issuing the notice to proceed in late June or early July. She updated Council on the gateways. Wayfinding was identified in the Inspiring Spaces Plan as a gateway. That had been completed and you could see it in all areas of the City. The 321/70 gateway was also in progress too. They had sent everything over to NCDOT to approve it for the right of way encroachment approvals and they are still on track for bidding and notice to proceed in late spring or early summer of 2018. She updated Council on Riverwalk. They are still working towards 60 percent design. They are considering all aspects of being most cost effective and also are anticipating the design to be completed at the end of December of 2018. They are still on track with all of that. Council had heard that from the designer.

Public Services Director Kevin Greer updated Council on Trivium Corporate Center. The Board had meet and had voted to change the name. Instead of Park 1764 it would now be called the Trivium Corporate Center. He advised trivium, by the Latin definition, was the intersection of three roads. That could be I40, Highway 70 or Highway 321 or Sandy Ford, Startown Road, or how we want to admit that. The three big roads would be I40, Highway 70 and Highway 321. On the website they now have the landscaping, berm, and entrance out for bids. They have the offsite sewer out for bids as well. They are expecting to get those in March 27<sup>th</sup> for the entrance and March 29<sup>th</sup> for the offsite sewer and then that would come to Council after that to get those projects off and running, because that is the entrance. That is what they want to sell as the excitement coming into the park. He advised the bid was for the entrance, berm, landscaping, the road, the waterline coming into the park and the sign. That was all in one bid package. That opened on the 27<sup>th</sup> and they are wanting to have that in and turned around by the 29<sup>th</sup> to bring to Council the first reading in April. They want to hit the ground running, not wait on it just get it up and going. The second part of that was the gravity sewer that would serve the entire property. That opens on the 29<sup>th</sup> and they will turn that around too and try to get that on the first meeting in April also to get that construction going. That way if someone wants to come into the park that would be ready for them. He referenced the map and pointed out the different shaded areas on the berm. The berm was approximately 6 feet tall and 30 feet wide at the bottom. It was meant to be a good barrier for the industrial part of the park. Some of the berm would be planted with juniper, flowers, and some of it was trees. It was meant to have some color year round. The sign hadn't been endorsed by the Trivium Corporate Center at this point. The concept was it would be a wall, with a sign, and lights around it on the top.

City Manager Warren Wood advised that was a 50/50 partnership between the City of Hickory and Catawba County. In addition to that this park was going from 170 acres to 270 acres in the next week or so. In addition to that Startown Road is going to be four lanes and that would be a great asset for placement of this park. The Workforce Solutions Center was located a mile down the road from this. Positioning wise they felt like they were in a good place with this park.

Mr. Greer advised there was also three quarters of a million or so in IDF grants. They have to spend a dollar to get a dollar, so we spend a million and half to get that \$750,000, but there was also grant money involved there also because of the industrial aspect.

Alderman Zagaroli asked if this was the Startown Road entrance.

Mr. Greer confirmed it was.

Alderman Zagaroli asked if the silos were still there.

Mr. Greer advised they had engineers look at those and they are still trying to decide what the best goal for them were.

City Manager Warren Wood mentioned the silos are probably not going to make it. He didn't know if that had been officially decided.

Mr. Greer advised the engineers recommended that because the silos might not fit with the look and the other thing was what it would take to get them up to a sustainable point which was costly.

Assistant City Manager Rick Beasley commented getting DOT approval had been a big part of that.

City Manager Warren Wood advised the good news is, as far as turning dirt on the bond program, this one would be the first scope of dirt that gets turned.

Assistant City Manager Rick Beasley referenced the PowerPoint slide and noted this was when the bonds were being discussed before they were approved in four initiatives. One was creating the Riverwalk destination. When they did it, it showed both on the side that Riverwalk is now going and it also showed Riverwalk going to LP Frans Stadium. That would be a future project at some point in time. The other was taking advantage of the Central Business District and the job opportunities that would be available there. That was done when the bonds were approved and that was what City Walk was intended to help with. Then there was the commercial centers and the street improvements. The one that was selected was LR Boulevard being the best entrance from I40 from the Bond Commission. That was dressing up the entrance so when people get off the interstate they know that they have arrived in Hickory, North Carolina. The fourth one was the Trivium Corporate Center and that was the only one that really had a metric. That one was to create between 1,000 and 5,000 jobs in that park. There was a metric to measure as you built that park. He advised they would discuss what metric should be placed on that and some of the other projects. He referenced a map which focused on the 5.2 mile spine. He felt it needed to be something they could market as a name of what this is to actually become. He mentioned that Transportation Insight had located their business here because of just the promise of the City Walk Project at the time and that was before the bonds were approved. They were a big help in approving the bonds. He advised the street project was done about four or five years before the mills started. He asked Planning Director Brian Frazier to discuss what they did in terms of environmental remediation.

Planning Director Brian Frazier advised since 2007 they had a million dollars in Brownfield monies coming in from both planning and assessment grants. Staff had spent a million dollars and had helped leverage with private investment and with what the City had done, and the bond initiative money, there had been over 600 jobs and over \$60 million dollars of investment between Transportation Insight, Hollar Mill, Lyerly Mill, and Piedmont Wagon. This is a much different dynamic than what they are going to see on Old Lenoir Road with the Brownfields. This Brownfield program and the City's money and all of that private investment has just brought so much to the table and it has really paved that way for LRU. That part of the City Walk has that solid anchor and Transportation Insight is still building.

City Manager Warren Wood commented the work that was done on Lenoir-Rhyne Boulevard between Tate and the university really cleaned all of that up with the streetscaping and it really facilitated redevelopment of those mills. That same sort of process can spur development in other areas.

Mayor Guess mentioned they were tearing down some houses off of Lenoir-Rhyne Boulevard on E Avenue.

Assistant City Manager Rick Beasley mentioned that 26 percent of the population of Hickory's neighborhoods are connected, but it connects all of the parks; the Sally Fox Park, Friends of Hickory Park, Jaycees, Hickory and Geitner. They are all connected to this and potentially Lackey at the end of it. You have Lenoir-Rhyne at one end as an anchor. They actually picked a really good location for this. Not many this size would take on projects like we have going on and what they can see from it in the future. They are trying to come up with some measurable metric of what they think can happen in terms of job growth, tax base growth, housing starts, protection of neighborhoods, and new parks in that area so they can come back in three or four months from now and say here is what we think our goals should be. Whether that is \$100 million or \$200 million dollars' worth of investment. Whether it is 100 jobs or 200 jobs, or 1,000 houses or multifamily. They want to come up, not only with what those metrics should be, but what types of incentives or policy changes they need to make so they can take full advantage of the public investment on the spine.

City Manager Warren Wood advised one of the things they had talked about with the bond program was how it was going to spur growth. We are going to set ourselves up for goals of what that should look like.

Alderman Lail commented and hold ourselves accountable.

Planning Manager Cal Overby commented anytime you have a large public investment it is going to draw private investment. What can we generate out of this in terms of housing, population increase, economic development and general growth overall for the area? The first part of what they are going to attempt to do, and give these numbers to management and then in turn to elected officials to use as that benchmark measure, is terms of residential. They are going to develop what they have there and come up with some controls for it and put in all their variables and then come out with the number. That number will be what their goal is in term of residential houses. In the residential housing they should be able to determine, once they develop that number of units, that would be what the population growth would be based on the number of average household sizes in Hickory. The other component of it was from the commercial business perspective which is a little harder to determine that resident. Residential is fairly easier to come up with once you control factors here or there. They are currently developing that model that they are going to utilize for that and what they are going to generate is what they think the average square foot of the business development is going to happen, what the value will be, and the potential for the jobs. That would give Council something to say this is what we are measuring against. Every time there is an investment firm they will pull from that and say they are taking this much away from it so we are edging closer to our goal.

Assistant City Manager Rick Beasley advised instead of just being a project when we go walking down the project, it is actually creating investment and tax base, which was the original intent of the stimulus back in 2010 when things weren't happening like they are happening right now in Hickory. This will hopefully continue to energize those things. Then you get into environmental remediation and neighborhood preservation and how we take advantage of that, especially in the Old Lenoir Road area and the neighborhoods that connect to it.

Planning Director Brian Frazier mentioned in the Old Lenoir Road area it is a totally different dynamic of what they had on Lenoir-Rhyné Boulevard with the redevelopment sites in the new Mill District heading towards LRU. We have a very mixed bag of neighborhoods on both sides of the Old Lenoir Road corridor such as Oakwood and Hillcrest, there are existing historic districts, and there is more rental housing and lower income housing on the other side. The Old Lenoir Road District is very limited and very narrow, it is almost in a small valley between the one creek where there is some infrastructure going up the hill to the Old Lenoir Road area. The road diet would be great. The consolidation of overhead utilities on one side of the road or the other would be great as well. There is such a dynamic difference between the Mill District over near the university and over in the northwest side. There is not much that is over there that is adaptable for reuse. He knew that someone was looking at Boyles now. A lot of the buildings in that area had been identified as known or suspect Brownfield sites. They hadn't conducted much in the way of assessments because there wasn't any economic generator or anybody interested in doing that at the time. They had done some initial surveys and prioritization, but there is not that iconic, historic, cultural, architectural gem that they had seen between the high school and the university along the Lenoir-Rhyné Boulevard corridor. It is a totally different dynamic. He advised that opens up all kinds of redevelopment possibilities for new construction, utilities, and infrastructure in that area as that new corridor from the new 321, back into the other side of downtown. He thought there was all kinds of possibilities that are there that would be really good for that area. He reiterated two totally separate dynamics.

Assistant City Manager Rick Beasley added they are touching on a bunch of neighborhoods, Ridgeview, West Hickory, Oakwood and Claremont. They are going to have to protect those neighborhoods as they do the development. Staff will be looking at that as those projects come to them. He referenced the grant for Brownfield remediation that we got, we have CDBG funds and other grant funds that can help us on the economic development side. There is a new tool that is coming out that could affect this whole area.

Business Services Manager Dave Leonetti discussed the new tool known as opportunity zones. They are part of the new tax bill. What they allow is for unrealized capital gains to be pooled into funds that can then be used to invest in areas with higher poverty rates and lower incomes. The money that is invested in the funds then has some favorable tax advantages. For example if you hold it for more than ten years there is no taxes on those capital gains. In Hickory there are a few places that could be named these opportunity zones. You have all of the areas that meet the original criteria, which is basically 20 percent poverty, or more than half low to moderate income residents. However, only 25 percent of these areas are going to be designated as the opportunity zones across the State. The Western Piedmont Council of Governments (WPCOG) has worked with us a little bit in terms of prioritizing some of these. The WPCOG is recommending to the State, census tract 110 which is the southeastern part, Tate Boulevard from the railroad tracks from Lenoir-Rhyné Boulevard all the way east to Fairgrove Church Road, and census tract 106 which is the bottom part of northwest Hickory, it goes from the railroad tracks up to the lake, and all of the Old Lenoir Road corridor and Riverwalk bordering there. To the west you have also got census tract 211, which is where the airport is in Burke County as a potential. Those two tracts look the best because they had the most vacant land and the highest number of vacant buildings of the higher poverty census tracts. They seem to be the ones that would be most likely to have sites that would be able to have some investment in them. Some of the other sites are basically all existing residential property with a few industrial sites here and there.

Assistant City Manager Rick Beasley advised it was a Federal program and it was based upon the tax act. The Governor gets to pick those 25. Burke County selected the airport. He referenced the map and pointed out Caldwell County. Both of these counties have also given those opportunities to use those tax credit and tax deferments to reinvest in these areas. In addition to the normal opportunities, if any of these get selected in March, Mr. Leonetti will come back to Council and advise them which of them actually got selected. They wanted to make Council aware of this.

City Manager Warren Wood commented there were more areas that qualify but it was the low to moderate plus where the most potential was in terms of vacant property or vacant buildings.

Assistant City Manager Rick Beasley advised it had to be commercial and industrial. There wasn't any residential, it was commercial and industrial redevelopment. He referred to a map of existing sidewalk connections from both and south to the spine. There are a lot of neighborhoods that are going to be able to take advantage of this once it is completed. Once we build it there are a lot of people that are going to use this thing. He showed a map of future connections. The Riverwalk phase was in the bond package originally. He pointed out the location of the Book Walk. That would be a rib into the City Walk at some point in time. They are applying for some State grant funds to see if they can get those projects moved up. Then there are three streetscapes that they didn't do in the original package: Highway 127, Springs Road, and Highway 70. We can take advantage of some DOT projects to do some of these as we share in those cost as we move forward. He asked Transportation Planning Manager John Marshall to address the NC DOT road projects.

Transportation Planning Manager John Marshall referenced a map of the NCDOT road projects. He discussed the big projects which included, US 321 from 13<sup>th</sup> Street up to 321A in Granite Falls, the right of way of that would begin in 2018. That was going to be a massive project, a super street design, going from four lane to six lane. He pointed out 127 south going from just above the Bojangle's on 321 down to Hawksridge Nursery, which would go from three lane to four lane probably with a grass or concrete median. He pointed out 127 north from Cloninger Mill Road to Richie Road in Alexander County, just past the Bojangle's in Bethlehem at Teague Town Road, it goes just past that. That one would have a least one new bridge over the Catawba River. They may leave the existing bridge for northbound traffic and only build one new bridge, or they may replace both. They have not decided that yet, it is still too premature. The right of way on that one was 2021 and construction 2023. A lot of these right of way and construction dates are very similar. We have a huge influx of projects coming in the next five years, which is a good problem to have but is going to create a lot of work in moving utilities.

City Manager Warren Wood advised they would discuss that tomorrow. One of the things that the Legislature had changed was now we have a greater share in the utility relocation in State NCDOT projects.

Mr. Marshall commented it is great that we get all of these project, but it is going to cost us a lot of staff time and money as well. He pointed out another project at McDonald Parkway. That was started years ago from Highway 70 and then up to I40 and then up to Springs Road. The last leg of that project was from Springs Road over to 127. That one was right of way 2021 and construction 2023. People had been asking for that project for years. He discussed Lenoir-Rhyne Boulevard, exit 125 there on I40, they are adding a clover ramp on the northeast quadrant. They will relieve congestion going north on Lenoir-Rhyne Boulevard. Instead of having to take a left going west toward Burke County, you will be able to take a ramp and go back underneath. That is going to clear up a lot of congestion on Lenoir-Rhyne Boulevard, right of way was 2018 and construction 2020. He mentioned that Kevin Greer was trying to coordinate that with the entranceway and with the construction with that ramp. They are trying to coordinate that together. He pointed out the Startown Road improvements for the industrial park. That one was right of way 2022 and construction 2024. In the middle of the City, 127 at Transportation Insight they are adding turn lanes, that one was right of way 2019 and construction 2020. He mentioned the traffic backs up there past the Fire Department. This one was not funded in this cycle but it might make it into the next version of SPOT which is the project prioritization for the State, widening I40 from exit 123 to exit 128; that one may happen. He advised that the Sweetwater Extension was going to happen very soon, construction 2018 on that one as well. He mentioned streetscapes for 127 on Springs Road were put into DOT's last prioritization and was being arranged right now that there may be some median work on 127 and Springs Road in the next five to ten years. That might give us an opportunity to work with DOT on the streetscape part of that.

Alderman Lail asked about 16<sup>th</sup> Street.

Mr. Marshall advised they wanted some more data on that and they had to rework some of the issues on that. They just resubmitted it back to the State. They sent it out for comment to their organization and they are waiting to hear back.

Alderman Lail asked if he had a construction idea.

Mr. Marshall replied not exactly.

Assistant City Manager Rodney Miller asked Mr. Marshall to discuss the roundabout on 29<sup>th</sup>.

Mr. Marshall advised the roundabout on 29<sup>th</sup> was taken out, now there is only one now at 21<sup>st</sup>. That was an issue that DOT had with the design on that.

Alderman Lail confirmed that was his question, we are widening 16<sup>th</sup> and doing the roundabout.

Mr. Marshall advised they just had to resubmit that back to DOT for comment.

Public Services Director Kevin Greer advised that was a CMAQ project and you have to have a project narrative. Since DOT has sped up the pace of McDonald Parkway, which is 29<sup>th</sup> Avenue upgrade, they took out the roundabout at 29<sup>th</sup>. That now becomes an intersection similar to McDonald Parkway and Springs Road. A big signalized intersection. The CMAQ project got paired down to 21<sup>st</sup> to the southernmost property line of the Credit Union. That is now our project but we get the same pot of money, they just had to change the narrative to describe that. We are looking at probably getting that narrative approved and actually getting the funding approved in October of 2018 to actually start that project finalizing the design, acquiring the right of way, and then spending the money on the projects construction. That is probably a 2018 start and 2019 construction and finishing up in 2020.

Mr. Marshall advised that he had spoken with DOT and they had just sent it out to the other organizations.

Mr. Greer commented probably 2019-2020 on that one.

Alderman Lail mentioned there really needed to be bike lanes on that section of the roadway and frankly we need bike lanes on any of these road widenings in his opinion, particularly the ones that are in the dense areas.

Mr. Marshall advised that DOT has a complete streets policy now where they evaluate sidewalk and bike lanes for every road.

Alderman Lail knew that required more right of way, they need to figure out how to make that happen.

Mr. Marshall asked if there was any questions about existing projects that are funded or ones that we are going to fund in the future. We have a lot going on. He mentioned this is what it looked like in 1995 in the whole area. This was the most projects that we have had going on at one time in probably 20 years.

Assistant City Manager Rick Beasley summarized there is a lot going on. He referenced the map, if you think about the bond projects, which were started when there wasn't anything really happening, you think about the future projects that we could be getting and the highway projects, there is a lot work that is going to be going on all over Hickory. People will know that we are open for business. That is what the Office of Business Development will do, find ways to move fast or do things, so that when people come in they think that Hickory is the best place to do business, which they already do, we are just going to get better at it. He recognized Dana Kaminske who is the one that is going to tell our story and tell those folks outside to come to Hickory. She has a lot of work to do. He thanked Daniel Ezell for all the maps. Mr. Ezell is really a COG employee, but he is really ours. He handles the GIS program and they had been wearing him out. They can prepare this type of material for presentations and let people know what is happening in Hickory. Council and the citizens of Hickory should really be proud, because there is a lot of stimulus happening today because they approved the bonds back four or five years ago. Now we have just got to start building the stuff with that bond money. That is where we are headed. He asked for any further questions.

Alderman Lail commented on the quarter mile, he thought that was a great idea, but we can't lose sight of the economic impact, it is beyond the quarter of a mile on the bond projects.

Assistant City Manager Rick Beasley responded it is. They talked about a half. If you go to the beltline in Atlanta, it is a half mile. They just chose that because it was more realistic for us in reality.

Alderman Lail commented it could be the recruitment of a company somewhere off of Tate Boulevard, because their management came down here and saw some of these improvements.

Assistant City Manager Rick Beasley replied this is just one piece of what they are doing. They are going to be working all over the City. We are not just going to work in that corridor, this is just the one where they are going to put a plan together for now. If this one is successful in getting people interested in this area they will probably look at all of the areas where they can have commercial and industrial development. He thanked Council for letting him come back to Hickory. He and his wife are happy to be here.

Mayor Guess commented that they had called this the spine, it had been called the City Walk and a couple of other things. He would like for some thought be given into calling this "Wright Way" in honor of Mayor Rudy Wright.

City Manager Warren Wood advised they had talked about going through an exercise to whittle down what some good options would be on some names.

Assistant City Manager Rick Beasley referenced there was Swamp Fox Trail in Greenville, and the Atlanta Beltline. You have got to come up with something because this a really important project

that the City has started on. Right now you have City Walk, which is a phase, Riverwalk, which is a phase, this area which is another phase, so how do you tie it together so that everybody knows this is the project. It is really a monstrous project, 5.2 miles.

Mayor Guess thought it was important to put a name with it especially at this point.

Alderman Lail commented it give it an identity and branding.

Assistant City Manager Rick Beasley responded you want something that is not just exciting here, it needs to be exciting elsewhere. You might decide that a phase is the right way to name it, but you need to have something that ties the whole thing together.

Alderman Lail commented on the transportation piece. They were tickled to get new roads, but they want to make sure that they use those opportunities to get utilities consolidated to one side of the street. To do a complete street with bike lanes. He knew they had said that we are going to be responsible for more utility relocations. That might be a cost that Council could debate whether they are willing to spend the money if that is the case. Because there is so much activity it really opens a window for them to improve our physical aesthetics throughout town.

Assistant City Manager Rick Beasley thought the idea for staff was to bring Council pros and cons and cost and then they could decide which way to go.

Alderman Lail commented it might be mast arm signals or LED traffic lights. He thought that they needed to keep that stuff on the radar.

City Manager Warren Wood used as an example the 321 project at 1<sup>st</sup> and 2<sup>nd</sup> Avenue SW and the interchange there, the opportunity to take those roads and make them two way again. They are looking at all of those opportunities. That was one of the reasons they got John Marshall on board to understand how all of those pieces work and where you get money to do it.

Alderman Seaver asked if they would look at burying the powerlines.

City Manager Warren Wood commented the obstacle to that is money. If they had the money they could do it. They do that with new development. In redevelopment along these parcels they do require underground utilities. As far as long linear underground stretches of powerlines, we can do it, but it is expensive. DOT is not going to put them underground.

Alderman Seaver commented they could look at the cost effectiveness when it is happening.

Assistant City Manager Rick Beasley commented one piece that he didn't mention was part of this spine quarter plan would have a subset in the downtown area about how they can redevelop how many jobs, how many urban housing units, and what types of commercial structures you could do with the downtown. They took the Union Square piece off and now they will go back and look at the whole downtown as one piece.

City Attorney John Crone mentioned at his first Council/Staff retreat the only road project that they were talking about was the possibility of widening Geitner Road.

City Manager Warren Wood advised they were going to present a video that former City Manager Mick Berry did a few years ago related to bond projects. He wanted to remind everybody where we were at that time.

Assistant City Manager Rodney Miller commented we need a new name because everybody keeps calling it bond projects. No one probably in Hickory knows what a bond is. They would dig into that later in the afternoon. What are bonds? And what do we do to actually get those to do these projects? The last time the City did General Obligation Bonds was back in the 90s for some street improvements, and that was a longtime ago. We need to reeducate the citizens, staff and City Council on what those are. We are at about the halfway point from November of 2014 when the voters passed the bonds. They passed two bond orders, one for \$25 million dollars and one for \$15 million dollars. The one for \$25 million dollars was more for transportation improvements, which was street(s) and sidewalk(s) improvements which they had talked about. On the economic development side that was primarily the business park, but it was also public infrastructure which fit in that. They have hired bond counsel which will be required when we issue the bonds. They will need to make sure that what we told the voters and what the voters passed, that each of our projects fit into one of those two buckets. Economic development or transportation. They are working on that as well. He advised this was a 13 minute video to take Council back to 2013. The video portrayed what they told the voters in 2014 to expect. They would then discuss the financial impacts of really what a bond is. Now the rubber hits the road, we need to go issue those bonds, get us the dollars, so that we can go build and construct those projects which they discussed earlier.

Council watched the Citizens Briefing Video.

## VII. Bond Financial Update

City Manager Warren Wood advised that citizen Bob Vollinger wanted to speak to Council.

Mr. Bob Vollinger commented that when 127 was widened they said they couldn't put utilities

underground because it was too expensive. Had they done it then it would have been paid for by now. You are going to get one chance in a lifetime to do things right. Give it as much consideration as you can. He advised in Myrtle Beach they put all the lines on Ocean Boulevard underground. If you go to Hilton Head they have a 15 year program to put everything underground. Basically you are talking about the incremental cost to move the utility lines that you are going to pay for anyway versus putting them underground. You are going to put up traffic signals with four poles and strand wire. You are looking at the incremental cost of going with mast arms. In some cases you get away with two poles instead of four poles. It is a once in a lifetime opportunity to do things the best you can. Take advantage of it.

City Manager Warren Wood advised there would be opportunities like Mr. Vollinger had mentioned. He thanked Mr. Vollinger for the clarification on that.

Assistant City Manager Rodney Miller advised they would discuss the financial piece to issuing the bonds. He recapped, in November of 2014, selection was made of two of the largest projects in the whole bond package, City Walk and Riverwalk; three if you consider Trivium Corporate Center. Those projects were the largest, size, scope and dollars of the bond projects individually. They expect to put a shovel in the ground for City Walk in early summer. So Council needs to discuss when they will issue the bonds and when they need the money to pay for the projects. He mentioned the regulatory environment. NCDOT, Department of Environmental Quality, Norfolk Southern Railroad, FERC and Duke Energy that control Lake Hickory, all of those agencies and working out these projects with them had also taken staff quite a bit of time. They are on the cusp of beginning all of these projects. He pointed out that Kevin Greer would be first next month with the Trivium Corporate Center.

Assistant City Manager Rodney Miller explained to issue the bonds they need a team of individuals. In 2014, they worked with the bond attorney to make sure the bonds were in two separate buckets. We will also have to work with some other entities. One is in Raleigh, a part of the State Treasurers Office, which is the Local Government Commission (LGC). They supervise local governments when they issue debt to make sure that we have all the "t's" crossed and "i's" dotted. We will also need rating agencies and interaction with rating agencies. The City does not have a bond rating at this point. To do that piece, as well as sell our bonds, we need to engage the services of a financial advisory. In his opinion the City had one of the best, Davenport & Company, a well-known reputable firm across the country. They have offices in Charlotte, Raleigh, and Greensboro. He introduced Mr. Ted Cole who was out of the Richmond, Virginia office. Mr. Cole would discuss the ins and outs.

Mr. Ted Cole, Davenport & Company, presented a PowerPoint to Council. He advised Davenport served as the financial advisor to the City. He advised this was about their role here in conjunction with the City's staff, the bond attorneys, and the LGC to help bring this financial plan together and then to ultimately put the financing in place, which was to issue the bonds for the project. He referenced the PowerPoint, page 1, a very high level sequence of the GO bond issuance process. The referendum had been held, Council had heard about the ongoing project design and engineering which was underway and in some cases it was coming to completion. He advised he would discuss the development of a funding strategy, which had been an ongoing process and would continue to evolve after this meeting. Then moving forward from here, coordination with the LGC in Raleigh. They have to oversee and approve all the bond issuances by local governments in the State. Establishing a bond rating would be part of the process and ultimately putting the plan of finance in place issuing the bonds and then the City has the dollars they need to be making payments to whomever it is that is assisting the City with its project. He referenced page 2 of the PowerPoint. He recapped the referendum, in 2014, it was a referendum for \$40 million dollars. He referred to it as phase one, the first round of the GO bonds they are expecting to be at about \$25.5 million dollars of that \$40 million dollars. He referenced the chart and pointed out City Walk, design completed in February 2018, and expecting to be at bids and a notice to proceed this summer, July 2018. That project's total was approximately \$18.9 million dollars. A little over \$11 million dollars from grant funding, leaving the City with approximately \$7.6 million dollars that they would need to provide through the general obligation bonds. The grant funding would come over time, it was a reimbursement type grant where you have got to front some money to the vendors. There might be a 60 day window, or so that the City would get the reimbursement. He pointed out with the LGC in Raleigh, what they want to see when you go to them to do a bond issue and get authorization to sell, that you have the projects that you are funding, bid, and fully permitted. They want to know when you are issuing the debt you are going to borrow enough money to fund the project, not too much not too little. One of the ways they do that is to make sure that you have bids and permits. As soon as this summer the City would be in a position to demonstrate to them that City Walk is technically ready to go from a financing perspective. The second project, Riverwalk, is on a slightly different timetable, August/September 2018 for design completion. Expected to have bids and/or a notice to proceed next spring, March 2019. That project was estimated at approximately \$16.3 million dollars, all of which was expected to be funded out of the GO bonds. He mentioned some gateway projects and some reimbursement of soft cost. The City had been fronting money for design and engineering type expenses along the way and were eligible to reimburse themselves. At the time this presentation was put together that number was at a little over \$1 million dollars. They had accounted for the first \$25.5 million dollars that would be funded through the GO bonds. The timing of that would be tied to the bidding schedule, but also to cash

flow requirements. What kind of expenses are they going to need to be paying for as these projects unfold, particularly City Walk. That project is going to get underway this summer. You are going to have payments that you need to be making. They expect they City would be getting some reimbursement for the grant funding component, but they would be looking at cash flowing some element of City Walk for some period of time before Riverwalk is ready. He reiterated that Riverwalk was on a little bit of longer timetable. The LGC will want to see, for that project, that you get a little bit closer to the March 2019 timeframe before they authorize the GO's for that. In other words they are not interested in the City coming in July and saying we want to borrow \$25.5 million dollars. They are going to look at that and say a big part of that project is not yet bid and we are not comfortable with you borrowing that money. Were they would be in a position was to say we got this \$7.5 million dollars funded, it is actually a \$19 million dollar project, and talk to them if it is a strategy that the City wants to take about getting some this borrowing done in the July/August/September timeframe so they have funds in hand to make the payments. That is also going to play into a strategy of locking in some of this borrowing now at known interest rates and avoiding what might be interest rate risk by waiting. They are pretty certain at a minimum that there will be a need for Riverwalk to not fund the majority of that project through GO bonds until next spring. The question will be do you want to wait to fund the City Walk component or do you want to consider trying to get some of the funding in place this summer and then come back next spring when you are ready for Riverwalk. In all of the cases the last remaining \$14.5 million dollars of the authorization, they have assumed that is issued in October of 2021. He explained we have the \$25.5 million dollars, the first phase as shown in the table, and then an expectation that the remaining \$14.5 million dollars is likely to be issued out in the 2020/2021 timeframe.

Mr. Cole referred to page 3 of the PowerPoint and explained in working with staff they had looked at some initial scenarios. The first case was if the City waits and does all of this funding for the first \$25.5 million dollars in March 2019. City Walk gets bid, construction is authorized, you move forward but you are funding that project out of pocket. You are waiting until Riverwalk gets bid in March 2019 and you do one financing next spring. Any money you are paying on City Walk you can reimburse yourselves, but there will be a cash flow consideration of doing that over the course of those nine or so months while you are waiting for Riverwalk to be bid. The second scenario they looked at was the potential to do a short term borrowing this summer just for cash flow purposes. If they felt like they would get City Walk started, we are not comfortable using all of our reserves to cash flow that project, one opportunity would be to issue a short term, six or nine month bond anticipation note (BAN), that would bridge the gap and then that would ultimately be paid off and refinanced in March 2019 when Riverwalk is ready to go. That would be interim financing just for cash flow purposes. The third scenario was somewhat like the second scenario except for doing that short term interim they put some of the borrowing in place on a long term basis. They would lock it in and fix it and come back in March 2019 when Riverwalk is ready to go and cleanup the remaining issuance. You would actually end up doing two long term bond issues for the first \$25.5 million dollars. He advised when you have voted debt you don't have to issue it all at once, you have seven years to issue it. You can issue it in pieces. He referenced the video where there was some discussion about issuances in four \$10 million dollar increments. Things have evolved, the projects have evolved, and the City had taken on those projects that had a little bit of a broader scope. What we are likely to see he thought was either the first scenario where you wait to do everything in March or scenario three where the City would consider putting some of that in place this summer and come back in March and put the remaining component in place. That remaining \$14.5 million dollars in all of the scenarios is not issued until the fall of 2021. He referred to the PowerPoint and explained they were using an estimate of \$150,000 for the average home value in the City. One penny on the tax rate would mean \$15 per year to a homeowner in taxes or \$1.25 per month. He advised when he got to the cases, they would be looking at ranges of pennies on the tax rate that would be needed to support this bond issue. They could do the math either on a yearly or a monthly basis. He advised they were coming in a little below some of the earlier estimates that were mentioned in the video. He commented those were estimated as high as \$10 per month was the discussion, and they were not going to get quite that high when they start drilling down into these scenarios.

Mr. Cole referred to page 4 of the PowerPoint. He noted three cases across the top. Case one was where the City would wait and do everything in March 2019, the full \$25.5 million dollars all at once. That means the City would cash flow things between now and then. Case two was where the City would do the bond anticipation note (BAN), that was a short term borrowing and then next spring they would take everything out on a long term basis. Case one "C" was where they do a piece of it long term this summer. He advised they were using \$10 million dollars and then come back and do \$15.5 million dollars next March and then you have done the full \$25.5 million dollars. He advised they were not locking the long term borrowing rate in until March 2019. He referenced the middle of the chart and advised they were not locking their long term borrowing rate in until March 2019. The far right case they were breaking it up and putting some of the long term rates in place this summer and the balance next spring. He commented it would be a reasonable discussion to say, we are looking at two different transactions, there are some additional costs to doing that, but it is also an opportunity to lock in the rates for some of this borrowing in the near term and insulate the City from the potential for interest rate increases going forward. They had done a sensitivity analysis, he explained if rates go up by more than a quarter of a percent, from 3 to 3.25, if rates go up by more than that amount between now and March 2019, the City would have

been better off doing the two step approach. He advised he would discuss the market and where we are on interest rates and where they see things moving around. All three of those scenarios were based on conversations with staff. The City had managed their reserves well and had the ability to cash flow these project between now and next spring. The question would be is there some merit to locking in some of this on an earlier basis.

Alderman Lail asked when it goes to sell at the bond markets, are the folks that issue the debt, they are issuing debt based upon the City's taxing authority. He asked if the City had to demonstrate a tax increase.

Mr. Cole advised part of the process was going to be about 60 days of whenever you sell the bonds. They would be reestablishing the City's bond rating. The City had a bond rating in the past, which was an "AA" rating. "AAA" is the highest that you can achieve. When that new bond rating gets reestablished it is going to take those sorts of things into consideration.

City Manager Warren Wood commented there is no legal obligation for City Council to raise taxes to pay back the debt. (He wasn't suggesting that.) They could dip into their fund balance forever until it is gone.

Alderman Lail commented that answers the question. They are not encumbering two cents on the City's tax rate in exchange for those.

Mr. Cole advised he would show Council how many pennies on the tax rate it would take to pay back the new debt service. At the end of the day Council could chose to repay this debt service from whatever legal source they have. With the general obligation bond the caveat was you can't say we don't have the money to pay it back. You can be legally compelled to raise the rate with that worst case scenario.

City Manager Warren Wood advised if you run out of money, your taxes go up.

Mr. Cole replied by law.

Assistant City Manager Rodney Miller responded the Local Government Commission would ask what the funding source was and they would have to give them a funding source when they present to them before we issue the debt. He asked if that was one penny, four pennies, zero pennies, or are we using reserves.

Mr. Cole confirmed that was correct. Is it the equivalent of one penny or five pennies that you already have, or are you expecting those to be new pennies?

City Manager Warren Wood reiterated there was no obligation to raise the tax rate in Hickory.

Mr. Cole advised the City did not need to show up there with the tax rate adjusted, but he thought everyone would be encouraged to have a plan of what would happen in order to support the new debt. That will also play into the rating agency conversation. At the end of the day the people that are buying the City's bonds would largely rely on the bond rating to reflect the strength of the City and the plan of finance. Those individual investors are not going to dig down into the level of what the tax rate is and have you done it. They are going to look at that bond rating, a three or four page report, and they are going to get to a level of comfort, or not, about the City's bonds.

Alderwoman Patton commented so the tax rate really won't matter.

Mr. Cole replied not to them, it will have been a discussion with the LGC, and the rating agencies. He referenced a chart on the PowerPoint and advised this was for the first \$25.5 million dollars. They had looked at the three cases. He referenced line 24, what the impact was on the tax rate if they just raised the tax or they solve how many pennies on the tax rate would be needed for the first \$25.5 million dollars. On either case it was somewhere between four and half and five pennies. The equivalent of four and half to five pennies of additional revenues that would be needed to service this new debt, just the \$25.5 million dollars. In most of these cases that was not needed until fiscal year 2020. Council was working on the 2019 budget now, and there is a fraction of a penny that might be needed in 2019. They had talked about it with staff and they could probably bridge the gap with some reserves and wouldn't have to necessarily address it until 2020. They could address it in the current budget if they choose to. The way the payments work, you don't technically need those new revenues until 2020. He reiterated it is about four to four and a half or five pennies worth of revenue that is needed. They looked at some different scenarios of how Council might consider raising taxes if not all at once, doing it over time between fiscal years 2019 and 2021. They went two pennies, two pennies, a half of penny, a total of four and a half. Council could see all of these scenario. They wanted to give Council a sense of different ways that they might choose to implement a tax increase. He referenced line 30 of the PowerPoint and advised that range was somewhere between four to five pennies depending on the timing that they chose for the implementation, the budgets that they chose to implement the rate. He referenced line 32 of the PowerPoint and explained what would happen if they did it all at once, right up front, in the

budget that Council was working on. It is not required, it would just be an approach or a strategy that Council might consider as part of the current budget. What they solved for the first \$25.5 million dollars, if they included a onetime adjustment to the tax rate, instituted it as part of the 2019 budget, and held it constant going forward it would be just under four pennies. The reason that works, Council would technically be getting those tax revenues a little bit early. They would receive them in 2019 instead of 2020 or 2021. As long as they held on to those dollars in the debt budget they were available in 2020, 2021 and beyond. You are able to shave the overall impact a little bit. He advised they were somewhere between four and five pennies for the \$25.5 million dollars.

Mr. Cole referred to page 5 of the PowerPoint and advised all they had done was added the \$14.5 million dollars to each of the same three cases. That was the \$14.5 million that was issued in October of 2021. That was the same constant assumption in all three of the cases. The same sort of approach. What does Council need to do to the tax rate, or how many equivalent pennies on the tax rate do we need to raise to facilitate the entire \$40 million dollars. Over time, he referred to line 26 of the PowerPoint, we are ending up at about seven and a half pennies total. That included the four or five pennies he previously discussed, plus an incremental two or three pennies, so the whole \$40 million dollars, if you do it over time, is going to be about seven and half pennies. They ran through the different ways that Council could consider implementing a tax between fiscal years 2019 and 2022, and you are somewhere between six to six and half pennies. If they did everything at one time in the budget they are working on, the entire \$40 million dollars, for about five and a half pennies. The concept there was the City would be getting some of those pennies earlier than they would need them, but they are holding on to them. You are budgeting for debt service in a way that keeps those tax revenues from those pennies in a debt service fund and they are being used later. By doing that Council would be able to reduce the number of pennies that are ultimately needed for the whole project.

Alderwoman Patton asked if it would look better to the folks that are looking at what we are borrowing to have some of the road projects going. She asked if all of that would be presented when the City goes to get their rating so they see everything that is happening.

Mr. Cole replied yes, when the time comes to have those conversations there would be a very comprehensive presentation put together that covers the quality of life type attributes, to the finances, to the tax base, to economic development and those sorts of projects all would be included that speak to the vibrancy of the community, growth and diversification. All of that would be put forth and help them to get a complete picture of what Hickory is about.

Alderman Seaver questioned when the next property evaluation was.

Assistant City Manager Rodney Miller advised 2019.

City Manager Warren Wood commented not this coming budget but the next one.

Assistant City Manager Rodney Miller advised January of 2019 and it would be effective in July of 2019 with those tax bills.

Mr. Cole commented the City would be budgeting against those new values in the next budget they would be working on, not the current budget.

Alderman Lail commented there was an indication that they were going to be up possibly several percentage points.

Assistant City Manager Rodney Miller responded they are thinking a two to three percent range.

City Manager Warren Wood noted that Mr. Cole's numbers were based on a four percent interest rate.

Mr. Cole advised they were assuming, 20 year debt at four percent in all of their numbers. If Council was issuing debt today they would be around 3.25 percent. They have some cushion. Even if Council considers some of this debt this summer, they know some of the other debt won't be issued until March 2019, and then maybe fall of 2021. They purposely went a little higher, but he hopes that rates hang in there and that four percent ends up being conservative. Actually in 2021 bond issue they used 4.5 percent because it is even further out.

Alderman Seaver commented as interest rates go up the valuations will go down some.

Assistant City Manager Rodney Miller advised that wouldn't change the property values. Interest rates in the bond market versus the local property tax market, those will not have a direct relationship. He asked Mr. Cole to mention Buncombe County.

Mr. Cole advised Asheville was in Buncombe County. They sold bonds yesterday. They sold a 20 year debt structure similar to Hickory's, similar in what the rating would be, and they ended up in locking in at a true interest cost or an average interest rate of about a 3.1 percent. We are still in a

favorable interest rate environment. They had seen rates moving up but we are still closer to the bottom than to the top on a historical basis. It was a question to how long this current rate environment holds.

Assistant City Manager Rodney Miller went back to Alderman Seaver's comments regarding the property tax rates. He thought he was referring to if our property tax rate values go up, we will publish a revenue neutral tax rate, and that is the inverse relationship. If your values go up then the tax rate could decline because you are getting the same revenue based on the values increased. He thought that was what Alderman Seaver was referring to. It would have that relationship. The alternative happened back three years ago when our tax values actually decreased and that is what caused City Council to raise taxes the first time in 20 years. They had to raise the tax rate because our values had dipped back in 2015. They hope those values will now recover somewhat in the 2019 reevaluation.

Alderman Williams questioned the \$40 million dollars where Mr. Cole had said five and a half pennies, he asked if that covered 20 years.

Mr. Cole responded yes. He referenced the PowerPoint page 5 at the bottom, that was saying if you were to raise or bring on a new five and a half pennies in the current budget, fiscal 2018-2019, and hold on to those dollars in the debt service budget that would be enough to cover the debt service from here through the entire maturity for the entire \$40 million dollars.

Alderman Williams asked if that would be beginning in 2019.

Mr. Cole confirmed that was correct. He advised they were using a value of one penny of \$460,000. One penny on the tax rate generates \$460,000 of revenue to the City. That was the bases of which they were using to calculate three pennies, versus four, versus five.

Alderman Lail commented there was some tension between the possibility of increased rate and thereby increased amount that the City's taxpayers would spend over a horizon of 20 years against getting in front of it and lock in to what might be a favorable rate environment at the cost of taking the people's money and say we are going to take your money and just hang onto it until we need it.

Mr. Cole explained they were going to issue this debt, whether it is some of it this summer or all of it next spring and they are going to lock in to whatever the interest rates are at that time. He reiterated they were using four percent but he would like to think they would come in better. Then the question is what does Council need to do in their budgets to repay it. Technically they could piece mill the tax adjustments over time between now and fiscal year 2023 for the full \$40 million dollars. Council could wait. They could raise the pennies, or find the equivalent number of penny revenue over time. You don't need to do it all at once, but over that period of time you might ultimately be needing the equivalent of seven and a half pennies, but you don't get it all at once you get it over time as needed, versus taking five and a half pennies upfront, or instituting five and a half pennies upfront, and hold that over time. You are raising the tax earlier but to a lesser degree than you might if they waited to do it over time.

Alderman Lail commented he wouldn't want to explain that to anybody.

Alderwoman Patton commented ultimately they are saving in the long run.

Mr. Cole responded ultimately the City would be paying back the same debt service. The debt service for the bond holders is the same either way. It is just a question of when Council feels like they want it, or that it is comfortable, or it is smartest to go ahead and start collecting the revenue to make those payments. When they are talking about doing the upfront tax increase all at once they are technically getting tax revenue in earlier than they need it and setting it aside and using it later, but you are able to do that for example the equivalent of five and a half pennies rather than over time needing to get seven and half pennies.

City Manager Warren Wood commented if he is living in that \$150,000 house, and the City does \$5.5 cents on the front end, 20 years versus the incremental, at the end of that 20 years he would be paying the same in taxes.

Assistant City Manager Rodney Miller replied you are at \$80 in the first year, which is five and a half pennies times \$15 per year. Or after four years it would be \$120 for the next 20 years.

City Manager Warren Wood advised someone would have to show him what the difference was in that \$150,000 house, all upfront versus as we need it.

Mr. Cole advised at the end of a 20 year term they should be paying the same. It is just a question of whether they are paying a little more upfront and it is constant or they pay less upfront and then it steps up. It should, over the 20 year term, be the same because you are paying the same debt back under any of these scenarios.

Mayor Guess commented the interest rate factors in there, which is the main thing that factors the difference.

City Manager Warren Wood advised that is only when you borrow the money.

Mayor Guess asked if that was not the primary difference.

Mr. Cole advised the interest rate in every case was four percent on the debt.

City Manager Warren Wood commented what would change that scenario was reevaluation. If it goes up or down, or more or less.

Alderman Lail commented they talk pennies and it sounds so small, so it helps him to boil things down into percentages. He referenced page 5 of the PowerPoint case two. An all upfront deal Council would be raising taxes by nine percent. Nine percent seemed like a lot to him.

Mr. Cole wasn't sure there was a right or wrong way to do it, but there were options. He advised he had even showed them some in between. Council will need to find new revenue to pay for this debt services.

Alderman Lail commented the voters said they would do it.

Alderman Zagaroli commented it is nine percent no matter when.

Alderman Lail responded it is, but he thought they may need to go one step above at a policy level and have a discussion, should it be Council's policy to take money, tax, use their taxing authority to hold on to people's money until they need it because they think they can save money by doing so.

Alderman Zagaroli thought that was a good selling point.

Alderman Lail confirmed that Alderman Zagaroli's answer was yes. He asked without anything underway on the bond projects.

Alderman Zagaroli commented we are going to have two real soon.

Alderman Williams commented at the end of the day we are just paying off a debt that has to be paid.

City Manager Warren Wood advised he would make a recommendation to City Council through the budget process. They would have some more conversations prior to that. He would make a recommendation and City Council could either accept it or turn it down.

Alderman Lail advised that he had asked some people if they would like for the government to take their money now and hang onto it. That is exactly what they are doing and we haven't seen the first track hoe or the first piece of dirt turned. We are going to adopt the budget in July as well.

Alderman Patton commented we will see dirt turning in July.

Alderman Zagaroli commented we haven't ask them for any of the money yet.

Mayor Guess commented there is no easy answer to this.

Mr. Cole mentioned the City was three or four years removed from the vote.

City Manager Warren Wood advised we are talking about a maximum of seven cent, we had talked about eight to ten cents, and we are way below ten, even with the reevaluation we are still going to be at the original ten.

Mr. Cole advised they were not looking for a decision. Staff would be eventually. He mentioned that was the universe of cases that they thought was appropriate to share with Council.

Assistant City Manager Rodney Miller advised City Council this coming year they could forego the tax increase, which would be zero, and then they would have to do the five pennies next year which is \$75 on that same loan. Or in that example, five and a half, Council could go ahead and do the \$82 dollars this year and not change it. The first scenario of \$75 dollars comes next year and in 2021, four years from now, you then add another \$30 on top of that. They can run that out over 20 years, but that is really the answer between this year and next year. If they wait and do \$75 next year, knowing you have to do another one in 2021, or you do \$82.50 and you don't go up anymore this year. That is a year early.

Alderman Lail commented to his point they would be asking taxpayers if the City could hang on to their money, give us your money, because we are government and we really spend it well. He was

making light of themselves, he really thought the City was doing a great job. He was not being critical of anyone. He was introducing the whole political reality into it.

Mr. Cole proceeded with the discussion with page 6 of the PowerPoint. He pointed out the City did have some existing tax supporting debt outstanding, not a lot for a city our size, about \$3.5 million dollars of debt outstanding. The lion's share of that was debt that the City had issued over the years for the Convention Center and it is actually paid for from a dedicated resource, so it is not technically being paid for from the City's tax revenue. It does step down over the next couple of years. He pointed out that they had kept this debt out of the model which he had just discussed. Preliminarily and in conversations they understand that it is likely the City will be considering other projects for the Convention Center in the years going forward and there was also discussion about a radio system project as well. Those other projects, if there are debt issued, will probably fold in right behind this. They have kept that existing debt out of the model, so what he just spoke about was for the GO bonds only. He advised the City was in very good shape when they start talking to the rating agencies in terms of the City's use of debt. Historically the City had managed debt very, very well. In fact, the City just hadn't really used it as a big tool for tax supported, they had been able to fund projects in other ways. He referenced some of the graphs and discussed the interest rate environment and where rates have been, and might go. He thought it gets to the question of is there any merit to thinking about putting some of this debt in place this summer or early fall, or waiting to do everything next spring. Council would know by next spring that they would need to have all of this \$25.5 million dollars done. The question was, is there any reason to think about doing some of it sooner. He referenced page 7 of the PowerPoint and referred to the 20-Bond Index which they went back to 1999. He advised it was a really good proxy for Council. It was 20 bonds that mature in 20 years with an "AA" rating, which is essentially what they are talking about doing for the City at some point. He noted the high for that rate was 6.11 percent and the low was 2.81 percent, an average 4.47 percent and currently at 3.85 percent. On a historic basis we are below the average. We are not at the bottom, but we are closer to the bottom than we are to the top. We are below the average. He pointed out over the years there was a lot of volatility in this, but the bottom was in late 2016, and the big spike was the presidential election, the fall of 2016, then in calendar year 2017 those rates came down, and then they have come back up a little bit with the tax law changes and a few other things that have happened, but we are still at pretty attractive rates. The other good indicator for them in the borrowing and bond market was the ten year treasury rate. He referred to page 8 of the PowerPoint, and noted they went back to 1991, the high was at 8.35 percent and the low was at 1.4 percent, on average it was 4.48 percent. He advised we are at 2.81 percent right now. He pointed out a lot of up and down over the years. He referenced the graph which indicated what it had done over the last 12 months. There had been a pretty significant step up in the last three or four months and a lot of that was driven by late 2017, when discussion about tax law changes were starting to really solidify and it was actually implemented, plus a little bit from what the Feds have been doing. They have been raising the shorter term overnight and that spills over to some of the longer term treasury. We have been a little bit volatile. We are still on a historic bases at attractive levels. Things have been moving a little bit up, and he just doesn't know what the future holds, but they do know that we are at attractive levels. He thought it was fair to say rates probably have more room to go up than they have to go down. It is a question of when and how quickly. He thought that would play into Council's decision, come this summer, do we want to think about putting some of this borrowing in place now and then get the rest of it in March. They know from the LGC, they kind of dole out the bond sell dates, and they are booked through July, so we are looking at August. They are seeing a little bit of a calendar swell. North Carolina issuers are starting to get on the LGC calendar starting in about June/July because that is when there projects are getting to the point of being ready to finance.

Mr. Cole wrapped up with a discussion on ratings. He referred to page 10 of the PowerPoint. The City had a rating in the past, and was a very good "AA" rating. The highest rating that any local government can get was "AAA". The City was an "AA2" "AA" from Moody's and S&P, the two most frequently used agencies. The City was two notches away from "AAA". That rating went away when those bonds matured in 2012. It was not that all of a sudden the City's credit worthiness had deteriorated. The rating goes away when the bonds go away. The City would need to reestablish the rating. Their expectation would be that they would reestablish it at the same level where it was, if not perhaps, a notch higher. That would be their goal. It does get harder and harder to move to those next few levels. At the "AA" rating it is an excellent rating. He referenced the graph with information from Moody's. There was 11 "AAA" cities and towns, 10 "AA1", and 16 "AA2". The City of Hickory was not in the list, but technically if the City had the rating which they had, the City would be in the "AA2" group. That would give Council a sense of who those rating peers would be, who is in the next level at "AA1" and who is at the top tier of "AAA". He advised there is differencing in borrowing rates between these three levels, it might be what they call five or ten bases points, that is the difference at borrowing at 3 percent versus 3.05 or 3.1 percent. It does equate to dollars no doubt, but it is not major dollars. The key in the market right now is to be in the "AA" category not in the single "A". If the City was lower in that single "A" category, which is where borrowing becomes more expensive. They don't have any concern with that going into these rating discussions. He would expect they should be able to reestablish the rating at the level it was when the bonds matured.

Mr. Cole referred to page 11 of the PowerPoint and advised this is how the rating agencies go about rating local governments. They came under a lot of criticism with the economic downturn. You started to hear a lot about municipal bankruptcies and municipal defaults, not in North Carolina but elsewhere. The rating agencies came under a lot of criticism for lack of transparency and consistency. They rolled out some more quantitative rating methodologies. He referenced a chart which showed Moody's and S&P. They have areas of focus with weightings. He pointed out on Moody's graph: economy was worth 30 percent of their rating, finances was worth 30 percent, management was worth 20 percent, and debt and pensions was worth 20 percent. S&P gets it about to the same place. When they were talking about putting together the presentation for the rating agencies, they are going to want to hit on all of these areas. They literally are input into a worksheet from the City's audits and budgets data. They are very data driven. Out of that comes a numerical score that correlates to a bond rating. He noted at the bottom of both they have this caveat that says they will reserve the right to make adjustments to that rating based on things that aren't necessarily captured in the numbers. More subjective or qualitative factors. That is also where they will work to emphasize what those might be. There is a lot of data to it, but there is still room and a practice for them to make adjustments for things that might not be captured in the numbers.

Mr. Cole referred to page 12 of the PowerPoint which was Moody's score card which they had repopulated using the fiscal year 2017 CAFR data. The score came out at an "AA1" which was actually one notch above where the City was when the rating was last published. That is a good indicator. Does it mean that is where we end up? Not necessarily, but that would be their goal. If we ended up at the same level where we were when the bonds matured, that was the "AA2", he thought they would feel good about the process. That just gives them comfort when they use their methodology and data that we are coming out at a level that is equal to or slightly better than we were. He thought that would all play out and be a very positive part of this process.

Alderman Seaver asked about dipping into the Fund Balance.

Mr. Cole referenced the graph and advised they wanted as many of those boxes to the left and when it comes to Fund Balance they look at two basic concepts. Where are you today? And what has the five year trend been? Not every one of these will drive the rating, but you see the math, you see how it works, they have weightings and they weight an average score. That is going to be their strategy in putting together the story and the presentation for the rating agencies is to know upfront where we are and where we have strengths and extenuate those and know where the challenges are. They are going to know where the challenges and weaknesses are and be prepared to address this.

Assistant City Manager Rodney Miller addressed Alderman Seaver's question about Fund Balance. They will also be able to talk about qualitative factors. The reason that Fund Balance changed in that was through last year's CAFR 2017, we actually had two projects in our general fund capital reserve which was for the generator project at the water plant and the downtown project was in that. We spent \$5.5 million dollars in last year's fiscal year which caused those numbers to drop. They had set that money aside and where planning to use it, so that will help negate or at least mitigate some of the weakness, because that is a weak category. We will be able to explain each of those and that would certainly be in their presentation.

Mr. Cole commented that part of the bond issue itself would be reimbursing yourselves for some money and that would be helpful. For the rating agencies, cash is king. If you are going to spend it they would much rather see you spend it for capital obviously than for operating.

Assistant City Manager Rodney Miller advised the City ended the year at about 30 percent in Fund Balance. We have spent some of that this year for some projects, but as of last fiscal year we were around 30 percent. Council has a goal of 25 percent. We are exceeding that goal as of last year. He expects us to still exceed that through the end of this fiscal year as well.

Alderman Zagaroli asked if they were pretty sure that we would have an "AA" rating.

Mr. Cole did not see any reason why that wouldn't be where we end up.

City Manager Warren Wood commented through the budget process Council and staff would dive into this more.

Alderwoman Patton questioned when it would go to the LGC.

Mr. Cole mentioned the LGC manages the schedule for when local governments issue debt. He advised they were full for July. The next available dates were in August and September, which lined up relatively well with the bid date for City Walk. He thought as it relates to the financing that was probably something that staff would be looking for some guidance on. Do they want to reach out to them and get on the calendar to preserve a spot to what might be a \$10 million dollar borrowing to lock in some of this and then they do the rest next spring?

March 15 - 16, 2018 – Special Meeting

City Manager Warren Wood reiterated they would go through the budget process and they would have more conversations about this. Staff would make a recommendation and Council would decide the tax dollars obviously is a big decision. He mentioned that Council would meet at Lenoir-Rhyne University at the Cromer Center on Friday, March 16<sup>th</sup>. They would discuss economic development opportunities and issues and they would also discuss the State legislative agenda for the coming year.

VIII. At approximately 4:03 p.m. the discussions concluded and the meeting was adjourned.

March 15 - 16, 2018 – Special Meeting

A Special Meeting of the Hickory City Council was held in Hickory, North Carolina on Friday, March 16, 2018 at Lenoir-Rhyne University, 625 7<sup>th</sup> Avenue NE, in the Cromer Seminar Room.

Friday, March 16, 2018

On Friday, March 16, 2018 at approximately 8:30 a.m., a Special Council-Staff Retreat was convened.

The following members were present: Mayor Hank Guess, Alderman Brad Lail, Alderman Danny Seaver, Alderman David Williams, Alderman David Zagaroli and Alderwoman Jill Patton. A quorum was present.

Others present were: City Manager Warren Wood, Assistant City Manager Rick Beasley, Assistant City Manager Rodney Miller, Planning Director Brian Frazier, Public Services Director Kevin Greer, Parks and Recreation Director Mack McLeod, Deputy City Attorney Arnita Dula, Fire Chief Fred Hollar, Airport Manager Terry Clark, Library Director Sarah Greene, Police Chief Thurman Whisnant, Assistant to the City Manager Yaidee Fox, Communications and Marketing Manager Dana Kaminske, Communications Specialist Sarah Killian, Human Resources Director Claudia Main, Business Services Manager Dave Leonetti, Community Development Manager Karen Dickerson, Transportation Planning Manager John Marshall, Finance Officer Melissa Miller, Information Technology Manager Mike Woods, Planning Manager Cal Overby, City Attorney John Crone, WPCOG GIS Analyst Daniel Ezell, Governmental Affairs Analyst Sarah Prencepe, Executive Assistant to the City Manager Deisy Zavala, and City Clerk Debbie D. Miller

Citizens: Bob Vollinger and Cliff Moone

I. 8:00 a.m. Arrival

- i. Welcome
- ii. Breakfast

II. Economic Development Update

City Manager Warren Wood opened the meeting and advised Mr. Scott Millar, Economic Development Corporation President, would discuss some of the challenges and opportunities the City has as a community. Obviously one of the challenges that we have was product and being able to market particularly on the industrial side. What the City is doing with Trivium Corporate Center will be important. He mentioned after Mr. Millar's presentation, Governmental Affairs Analyst Sarah Prencepe had just returned from D.C. at the National League of Cities meeting and Council would have a legislative discussion and look at the Federal and State level. The City looks to the League of Municipalities to lobby for us on our behalf with the legislature, but he thought the City had some specific issues as well that the City needed to bring forward to their local delegation and have them advocate for them.

Mr. Scott Millar, Economic Development Corporation President, commented at Council's meeting on March 15<sup>th</sup> they had discussed the correlation between workforce and economic development and he hoped that City Council understood, to a certain degree, the iceberg they were talking about. He advised he would move this conversation up to the analytical level. He presented a PowerPoint presentation. On March 15<sup>th</sup> he had referenced that he was in a North Carolina Economic Developers Association meeting earlier in the week and there were several consultants there. One of which talked about the importance of workforce. What he said prior to that was that before you got workforce issues you have got to have something that sells. And that of course was product. If you don't have product to make things happen you don't get the opportunity to have the workforce discussion with somebody. Eighty percent of the project visits that they get from the State of North Carolina, from the Economic Development Partnership of North Carolina, or from the Charlotte Regional Partnership, generally start with a building request. He advised that Claremont had built a spec building, 50,000 square feet of flexible manufacturing space ready to go for somebody who is looking. What happened with that? Somebody came into town and saw the building. They said this is 50,000 square feet we need to be able to expand it to 200,000 square feet. Can you do it? They responded no. So, instead of leaving Claremont they went three blocks up the street, bought a site, and built a building. They used the same bait to get the California Company to come here. They got two fish using the same bait.

City Manager Warren Wood commented the lure was getting them here to look and getting their interest. If this doesn't work we have got another option. With Claremont they are actually on their second spec building. They have been very aggressive for a town their size.

Mr. Millar advised they had developed a program that was a pilot program so it could be replicated across that sort of model. He asked Business Services Manager Dave Leonetti to explain what "Operation No Vacancy" was.

Business Services Manager Dave Leonetti explained in September 2007, he was working with Fire Chief Alexander and Deputy Chief Hollar and they showed him the list which they had of vacant properties due to the Fire Department use permit database. He cataloged all of those, worked with Daniel Ezell to get a mapping system and they created a GIS base of vacant building inventory. They still keep it updated today. That showed a lot of vacant buildings in the City at that time. There were 300 plus, a lot of different multiunit spaces like retail things and there were also a number of vacant standalone buildings. When Councilwoman Fox saw that she asked staff to push a little further and create a program to help fill those vacant buildings, so that became the "Vacant Building Revitalization Program". Which we still have today. Since 2011, they got 14 of them and leveraged about \$35 to \$40 million dollars' worth of private investment. There are fewer vacant

buildings than there were five years ago, but also the number of significant vacant buildings. When someone comes into his office, for example, they may ask for a 5,000 square foot small building. There are fewer buildings to look at. Downtown a couple thousand square feet. He looked at the list and came up with three things for them to look at. He advised the Economic Development Corporation's (EDC) inventory was more significant buildings, and were larger buildings. Those have really gone down in the last few years.

Mr. Millar commented there is a difference between commercial and retail type of buildings and industrial facilities. Mr. Leonetti and staff catalogs a lot of retail, so there are a lot of storefronts. There is a natural tendency to think about a number, Mr. Leonetti had mentioned 300. That is big, but when you realize that also may have four buildings in a vacant storefront. There is four right there but everybody else thinks about it is one here, they don't think about that it is four. He referred to his PowerPoint and displayed a map with dots on it. He advised he had went back to the year 2010. They keep a list of all of the buildings in the market that are available for the EDC types of projects that they get. In 2010, the map showed the EDC inventory of sizeable industrial and commercial facilities and office facilities that could be used for the EDC types of projects. Medium to larger scale sorts of projects. He asked for an idea of what they thought the number of facilities that the EDC had since 2010 taken off of the market just in the City of Hickory.

Community Development Manager Karen Dickerson commented 112.

Mr. Millar commented 112 facilities had been taken off their list since 2010 just in the City of Hickory. It meant that they had been used, or it may have meant they had been torn down. He referred to: the Regal building across from the high school; and the Howard Johnson's building, which was located along Highway 70, which was torn down through a demo grant. They had worked with the City's planning department and Catawba County to get that building torn down on the promise that it would get rebuilt. Now there is a \$14 million dollar building sitting in its place. He advised that was counted in the number as reinvestment in some slides later on. He reiterated that 112 of those buildings have been taken off the market. That was pretty astounding to him. He joked that just because it is ugly doesn't mean that it is vacant. He advised there were a lot of buildings that were being used by somebody for something. They are beneficial if that owner just doesn't want to do anything with them. He referred to the old Pet Dairy building along Highway 70. He mentioned that Benny Yount had old antique haulers in that building. He collects these antique trucks and he has them stored in there. He also has over 100 vehicles seated in the lot ready to fulfill the inventory requirements of the different dealerships that he has. Mr. Millar had talked to him two weeks ago and asked him what he was going to do with this. Mr. Yount advised Mr. Millar that was the largest piece of property available between Long View and Newton along Highway 70. Ultimately they are going to rebuild that as a dealership, but right now it is beneficial to the community. He referenced the moving and storage building which sat ugly and vacant for a longtime. Now it is a centerpiece of Hickory. Everybody is talking about the Mill District, the redevelopment, those things had turned into swans. That is what people think about when these things get taken off the market, they don't necessarily think about all of the other reuse, redeveloped and demolished facilities across the County. That 116 number of buildings that was taken of the market was 4,900,000 square feet of space that has been absorbed in this market.

Alderwoman Patton asked if he would say there was still tremendous excess of empty space. She asked if we are getting to that point or not.

Mr. Millar commented there is a whole lot less than she may think. There are still some facilities that are out there and they may be somewhat underutilized but most of the space is being used and utilized by somebody for some benefit.

Alderwoman Patton asked about the old Oasis facility. They had redone the building but it didn't seem to be filled.

Mr. Millar didn't remember the update on that facility.

Mr. Leonetti advised they had redone that whole building and there was one tenant, OsteoStrong located in the complex. He had some people that he had been trying to work with.

Planning Manager Brian Frazier commented that Council had extended the Vacant Building Agreement with the owner of this property. There had been a lot of interest there, but the owner was being very particular about the tenants. He advised the owner is on the third or fourth realtor trying to market that property.

Mr. Millar commented you tend to think about those that you see the most often. He mentioned that is a redevelopment and he had spent a good bit of money. He referred to the old Village Inn that was located across from the old mall. That whole area had been cleaned up and redeveloped and certainly of beneficial use. It looks a whole lot better than it did. He advised that was not considered in these numbers, because those were not spaces that they typically monitor.

City Manager Warren Wood confirmed that Mr. Millar was talking about mostly industrial, not so much retail or commercial.

Mr. Millar responded something like the Azalea building, the Lowes Food Store on 321 North, which they consider as a potential for a call center or contact, or back office facility. That is something they would track. They probably wouldn't track the former Oasis facility. Just because those type of people don't come to the EDC's office they come to the City of Hickory.

Assistant City Manager Rick Beasley commented that is where the Office of Business Development and what Dave Leonetti and Karen Dickerson will be doing. They will fit in breaking out those vacant storefronts.

Mr. Leonetti advised they had those numbers too. He could get Council some more up to date numbers. As of December he thought we were down to about 140 standalone buildings. That included everything from the 300 square foot shack to 150,000 square foot building. The number isn't as useful as you think it would be, but they do keep the square footage listing.

Mr. Millar discussed the reuse of these facilities. They figure from their information, just in the City of Hickory, has benefited approximately \$80 million dollars' worth of tax value or investment that had come into the City as a result of some sample reinvestments. He advised this is sort of the normal course of building turnover and building occupancy that happens. He referred to the Clayton-Marcus building which was located in the Falling Creek section. He advised there was a building that sat there vacant for a number of years. Nobody was really very interested in it. Benny Yount decided that he needed a place to store all of his vehicles. This building contained 150,000 square feet. The problem is it is sort of a residential area so what is an acceptable use for that if it is not going to be a furniture facility, which it didn't look like it was going to be. So now Mr. Yount has absorbed a 150,000 square feet that formerly would have been under "Operation No Vacancy". He referred to East Coast Metals across from Home Depot on Robinson Road. That is the Habitat for Humanity Store now. Very useful. Turbotec took the former Hanes building out in Fairgrove Business Park. They took 100,000 square feet and invested a lot of money and created a lot of jobs in that facility. PACE @ Home took over the Dale Jarrett Enterprises building. These are the types of things that you don't think about that have benefited the City of Hickory as a result of this rotation over time. He commented there were a number of different ones that had been absorbed and the City hadn't been asked for incentives on, so the City is getting the benefit of whatever goes in that without having to give much away in order to get it. On occasion the City had done vacant building grants, or façade grants for some of these different types of facilities. For the most part they are not costing the City, they are just benefiting. Of course you have fire and police and all of those costs that you would normally incur. Another primary one was the building that the Lenoir-Rhyne Health Services facility is now in. The EDC ended up buying that building with the help of the City and the County with the promises that Lenoir-Rhyne would move in 150 PT's. They were going to research whether or not they could bring in a doctorate of nursing program, which they just announced about three months ago. They are also talking about a doctorate in ophthalmology. They also talked about analyzing whether or not they could bring in a full blown medical school here, and they are still under that discussion as far as doing that. They have lived up to their promises. They had paid their rent on time. The commitment was if they live up to their promises and pay their rent, after five years, once they get the building paid for, they turn that building over to them. We still own it, but we give it to them as a result of their commitments to the community. That was a building that sat there underutilized and is now providing the City the ability to bring in 150 PT students, an 40 faculty members in that facility alone. The impacts of that are pretty great. He knew that Mr. Beasley had been talking to Dr. Whitt about doing an economic impact analysis of Lenoir-Rhyne, so the City of Hickory and everybody else could understand what the benefits of these things are. He hoped that would break apart the health sciences center and the regular university programming as well. He asked for any questions about these projects.

Mr. Millar discussed US Conec located at 25<sup>th</sup> Street SE. It was 80,000 square feet of vacant space and the last user was bringing in fitness equipment and using it as a distribution center for the fitness equipment. Not exactly a high dollar producer for the City of Hickory. US Conec, which was probably the City's highest tech manufacturer, makes micro connectors for the fiber optic industry. They invested \$20 million dollars and added 50 new jobs without the City of Hickory having to do any incentives.

Mayor Guess mentioned there was also the old Joan Fabrics building that Wallace brothers redid and also Klingspor and Minelli. Klingspor has already got their addition going. And Minelli is talking about doing an addition.

Mr. Millar commented there are a whole lot of these instances that are going on but they don't make the newspapers. Mr. Millar advised that was just for the absorption and that was \$80 million dollars in revenues as a result of that. It was not net to the City but they are getting quite a bit of revenues as a result of those investments that those companies have made. Mr. Millar discussed the redevelopment piece and referred to Transportation Insight, Hollar Mills, Moretz Mill, and the Piedmont Wagon building. Those the City had participated in and the EDC had done some stuff to help. A lot of building redevelopment as a result of this. That was what the magazine articles are all about, the redevelopment pieces going on. What has happened was a partnership. Johnny Moretz getting to see what had happened at the old van storage line building and he thought he could do that and he did. It ended up being a substantial new investment as a result of him seeing that initial Hollar Mill project. Now Paul Thompson takes a look at that. Mr. Millar had been trying to get Mr. Thompson to take a look at the old Lyerly Mill building but he didn't like it. He put Mr. Thompson in touch with people in Napa Valley and that ended up leading to Mr. Thompson entering into a relationship with those guys and then redeveloping 14 acres and transformed what was probably the highest profile corner piece in downtown Hickory. When you looked at that building before, you didn't look at the building before, you just sort of kept your eyes away from it. Now it is something that you are proud of. He advised there was approximately \$32 million dollars in new investment as a result of those redevelopment pieces.

Mr. Leonetti advised every single one of those received a vacant building grant.

Assistant City Manager Rick Beasley asked if there were Brownfield in them as well.

Mr. Leonetti advised the Armory.

Mr. Millar advised the Armory preceded this redevelopment. He mentioned that some buildings had also been removed. He referred to the Dennison Machine Shop building located along the Old Lenoir Road near the Century Headquarters building. That building lead to some calls and some zoning violations and some problems. As a result of the programs that the City and the County had in place for demo they got rid of that building and you haven't had any calls since. He mentioned Southern Desk was also another one, a huge one.

Alderwoman Patton asked about the nursing home that was located off of 10<sup>th</sup>.

Mr. Millar advised it was not in here. He referred to the Regal building which was located right across from Hickory High School and another building which was torn down in the area approximately 10 years ago, the Kohler Dunmore building. He advised there was 600,000 to 800,000 square feet of space that had been taken down just on this list, but there was a whole lot more. There had been redevelopment in some of those instances on those sites. Not only had the City removed some problems and things that were causes headaches and costs to the municipality, but the City had new investment as a result.

Mr. Leonetti advised vacant building funds had went into the Dennison Machine Shop building.

Mr. Millar noted the City had some infill sites and some redevelopment opportunities as a result of some of those sites.

Mr. Frazier asked Mr. Millar if he had heard anything on Regal. The owners had lost a couple of the developing companies, because after 18 months and close to a million dollars, DEQ had come back and wanted additional environmental testing, not only on the site, but under the City right of way and at the gas station that is there. DEQ wants Dr. Pruitt to go into the owners place and advise them they want to do vapor intrusion monitoring, because we think that "we" may have contaminated your site. DEQ is trying to get some City assistance. So far it has been a request for financial assistance. Mr. Frazier had talked to Assistant City Manager Rick Beasley about that and right now that seems to be holding it up. Mr. Frazier was waiting to hear DEQ's side of the story, because they still have no further action, without that, that site is vacant.

Assistant City Manager Rick Beasley commented that the Office of Business Development would look at all the grants. Maybe even some residential incentives for those urban types of housing that the City wants down there. He referenced Salisbury has a really good plan for that. They would look at different types of grants that they could present to Council that might spur the development that they want in those areas.

City Manager Warren Wood advised when they suspended the vacant building grant, he heard it from the real estate development community. They felt like it was effective.

Planning Manager Cal Overby commented that they really don't capture all of the commercial redevelopment. A lot of the commercial areas, a good portion of it, have seen better days. Retail looks at how many people are coming into the area, and what is around them. It is demographics. Retail is hard to anticipate.

Mr. Millar commented a lot of communities decide on recruiting retail, so they send them out to places like Las Vegas to talk to these development folks, and they find out in reality what happens is they find out that demographics is what typically drives the retail opportunities.

City Manager Warren Wood advised it was roof tops and traffic counts, they know where they are going to be successful.

Mr. Millar replied as a result of that, with programs such as the City is working on, City Walk and Riverwalk, he thought the overall enhancement of those areas and being able to portray that, making sure that people understand that the community is on the go, and the City has programs in place which are spurring the future opportunities for development along these corridors and spines. That really helps the development community and they look at it and feel like it is a place that they feel like their groups can make money. That is why they invest here. He discussed the cumulative totals for reused, redeveloped, and removed for redevelopment, which totaled approximately \$144 million dollars in roughly 4,900,000 square footage which had been absorbed in this community that is benefiting the City of Hickory in accomplishing City needs. He mentioned the concept of economic development was to broaden the tax base so the City has the resources to have clean water and more policing. Citizens are not looking for less, they just don't want their taxes going up. Somebody else has got to pay for it. He advised the \$144 million dollars in effect was helping Council accomplish City responsibilities and goals.

Mr. Millar referred to a map on his PowerPoint presentation. The map was covered with "dots" when they first starting looking at it in 2010. He showed the same map today and advised that 2,018 was the number of facilities that the City of Hickory had which were ready or right for development opportunities that the EDC sees. He referenced the BKT Warehouse off of Fairgrove Church Road, referred to as the Conover Trucking facility near where the Shoney's was formerly located. He referred to the H&D Building located on 2<sup>nd</sup> Avenue NW near IFH, the RPM Building

located in downtown, and the Azalea Management building which was the former Lowes Food facility located on Highway 321 which would be impacted by the Highway 321 development over time.

Alderman Zagaroli asked if they were going to be able to keep the building even with the Highway 321 project. He inquired about the restaurant located in that area as well.

Mayor Guess mentioned the pharmacy building located in the area too.

Mr. Millar thought they would be able to keep it. He asked Council if they saw the types of projects that the City was sort of counting on to be able to make big project announcements on. He referred to the Kohler-Baker building which they had just realized that it was not available until at least November 2018 or maybe longer. They were looking at that to provide the City some opportunities in the near future. The current tenant is not going to vacate that building until November. He reiterated the question if Council saw anything else on the list that was going to generate the big job announcement which they wanted to have.

Alderman Zagaroli questioned if there was a tenant for the Kohler facility, or did they have a tenant for that.

Mr. Millar advised they were working with somebody, but when they found it wasn't going to be available until after November they think that hurt the opportunity.

Alderman Zagaroli mentioned the old Quaker Furniture building that was empty that possibly would be leasable to move the Baker product into that building so they could possibly get the other tenant into the Baker building.

Mr. Millar commented they had conversations with those folks to try and accomplish that. He advised there were some other things which he could talk to Council in closed session about some time. He referenced Operation No Vacancy and commented that was successful, because now you may have to create Operation Vacancy. He reiterated 80 percent of the opportunities that we have start with the building search. A lot of times they get to go somewhere else with it, such as the Trivium Corporate Center, but some there are opportunities to move things to different locations such as Fairgrove Business Park. If somebody has a building requirement, for example 80,000 to 100,000 square feet, if they come to the EDC asking for that what are they going to do and they have to have it within four months. He advised a spec building was certainly an answer. The next opportunity was trying to work with Council to try and figure out how to get that facility here.

Alderman Seaver questioned where they would put it.

Mr. Millar advised the City doesn't really have the facilities that are here and ready. We have the programs here to work with the City and the County that they think are eligible to cause those things to happen. Whether it is Fairgrove, or infill sites, Trivium Corporate Center, or whatever that next site opportunity may be, but the reality is they have got to work with Council to find the site, finance the opportunity, and facilitate that with the development community. Really trying to absorb the risk.

City Manager Warren Wood asked if there is a demand out there what is preventing the private sector from going out and developing that property.

Mr. Millar responded unfortunately the money that they know that does this sort of thing, Charlotte, other pension funds, that sort of thing, they like to go to these markets that are tried and true. Right now in Cabarrus County, in Concord, there is probably three million square feet of industrial space, flex space, which is built, 32 to 36 foot ceiling heights, which is built to cut up into chunks or to lease as a whole. It is pretty expensive stuff, but it takes a lot of capital to develop these facilities and let them sit there. People are going to markets that they know are going to absorb that quickly. He referenced Concord and Rock Hill which gets sucked up quickly. We can do it. They just showed they can do it with Claremont and the second spec building has a pretty good opportunity looking ahead right now. They have got to develop the opportunities that are going to drive traffic in here. He knew it wasn't an inexpensive proposal, but that was the opportunity that he thought that they need to continue walking down the road, helping these developers understand the risk and they help them carry it for a while.

City Manager Warren Wood asked what City Council's opinions or thoughts were.

Alderman Patton thought perhaps the City could find someone to partner with on the spec buildings and the EDC could advise them of the best spot.

Alderman Seaver advised about ten of the last conversations he had with Mr. Charlie Dixon were about spec buildings.

Alderman Williams agreed that this was a tremendous opportunity for the City.

Discussion ensued regarding potential locations for spec buildings.

City Manager Warren Wood advised staff would put together some recommendations and bring them to Council. The recommendation would also include if Council did one, then they would next start thinking about the next one just like Claremont did. Get a program. Everyone might be a little

bit different depending on who is building it and what the situation is. Always be thinking about having that product coming online.

Assistant City Manager Rodney Miller mentioned River Road was not listed. There was some interest in that one.

Mr. Millar discussed the River Road property. There was some development potential and the City's costs were already sunk out there. He advised they were looking for the opportunity to be developed. It was going to take the right client to go out there and develop it. There had been some interest with someone and they continue to mine that. They are not quite yet ready to make that commitment. He thought it was a descent opportunity.

City Manager Warren Wood mentioned Claremont was a little bit different because the builder owned the property, but the fundamentals were the same. He asked Mr. Millar to explain that.

Mr. Millar explained that Mr. Charlie Dixon was the driving force behind the development of this program that could be carted around the County. It was broken up into different pieces. First was the landowner comes to the table with the property. In Claremont's instance the landowner was the developer so it made it easy in that instance. When the building sells or leases the first person that gets paid is the landowner. The second person is the developer and in this instance it was Matthews Construction and they built the building and priced the EDC the building. The developer is the second person that gets paid in the event of a sell or a lease. The third is the City and the County getting repaid for their expenses. What they had said would be the carrying cost of that vacant building while it is vacant up to three years. The interest carried on the construction, the electricity to keep the fans going so the building doesn't rust, and the steel doesn't rust, and the condensation doesn't drip off the ceilings when there is a client going in there, and the security lighting so people feel safe when they are in there and it continues to look good and the insurance on the building. He advised 50,000 square feet in Claremont cost roughly \$75,000 a year and the commitment was roughly \$225,000 total. The city and the County agreed to split that and some of the cost were permitting and that sort of thing. It obviously goes up when you start talking \$80,000 to \$100,000 because you have a lot more costs. That building was in shelled-in condition. In Claremont it didn't have a floor, it had gravel. It had a 10 foot pad right inside the door where people could stand when they looked at the building. There were no offices, nothing but a closed in shell, secure from the elements, but somebody could take it and finish it to their specific needs in a short period of time. That is really the driving factor behind a lot of these projects. How much would it cost to up fit it? How long is it going to take me to get into the facility?

City Manager Warren Wood questioned what the result was in Claremont.

Mr. Millar advised after 18 months, of course they got the first tenant. They got the first "fish" they caught it and they went up the street. The second building, the aviation group out of California came in and bought the building and paid the landowner, the contractor and the city and County in total. The only person that didn't get repaid was the EDC for the money that they put back into it. He clarified that wasn't the EDC that was the Committee of 100, a private member that didn't get repaid. It was only about \$20,000 over that 18 to 20 month period.

City Manager Warren Wood commented in essence what was happening we are buying down the risks for the developer.

City Attorney John Crone asked about a middle tier spec building located in the Fairgrove Business Park. That was what Mr. Charlie Dixon was always hounding Mr. Crone about.

Assistant City Manager Rick Beasley advised Council could have two going on at the same time.

Alderman Lail commented the good thing about that was the City already had the infrastructure there, the roads, water and sewer. It has a lot of grading challenges. It would be less expensive to develop.

Mr. Millar mentioned a car lot has to have more than a yellow station wagon. If you have a middle tier facility at Fairgrove, that will serve an entirely different market than someone at Trivium.

City Manager Warren Wood asked what control they would have. You don't want to do this and then somebody comes in and has a warehousing operation. They want something that is going to be revenue to us with a lot of employees. He asked what control the City would have on who goes in there.

Mr. Millar advised as a result of the City's investment and the EDC's investment in the project they put limitations on it what it has to have. In Claremont, they did actually have a potato chip warehouse, they did have somebody that was interested in going in there for warehousing, but they put a minimum investment requirement on the building and a minimum job requirement. As a result of putting money into the project you can put restrictions on it. They go away. For example, they put owner's restrictions and demands in there, it goes back to the developer owns it and the City is not out any more money.

City Attorney John Crone mentioned that Fairgrove had two or three amendments to their original restrictive covenants that were put on the property back in Tom Carr's days. The atmosphere had changed a lot since then. Those could be changed to suit the builder.

City Manager Warren Wood advised he had been in discussion with Burke County about some potential economic development in Hickory but on the Burke County side. Burke County doesn't have any product. They are in the same situation as the City, they are out of buildings.

Assistant City Manager Rodney Miller mentioned another option which was the ncDataCampus. That is another model where you share the risk. The City has 19 percent interest in that. The infrastructure is there so that is also another possibility. He asked if the agreements allowed for a spec building. He assumed they would if all of the partners agreed.

Mr. Millar advised the ncDataCampus had been developed as an opportunity for data centers specifically, IT related or office types of facilities out there. The key was that is a site that has a lot of infrastructure, big power and water, and big opportunities for a user that would require that. This is an infrastructure site and should be sold to an infrastructure user. In order to get this thing developed they partnered up with four municipalities and the County. The City took 19 percent and was the leading municipal stakeholder. Anything that goes into that park the City would get 19 percent of it. If we get Apple number two, or a data center facility in that park the City will get 19 percent of the benefit of that project.

Mayor Guess how many acres was there.

Mr. Millar advised 55 developed acres and about 15 acres that was sort of entry and that sort of thing.

Alderman Zagaroli asked if there was any interest in that.

Mr. Millar confirmed there had been some interest in the last two or three months.

Alderman Zagaroli asked if there were any developers that had expressed interest.

Mr. Millar replied he had been going to a group that may be interested in that tract.

Assistant City Manager Rodney Miller referred to Mr. Millar's fishing analogy, we have a lot of "bait" in the water potentially. We have got a lot of rods and reels, but we have got to get something in the water, so what do we do.

Assistant City Manager Rick Beasley had talked to someone that was looking for 60,000 square feet of warehouse space in Hickory and couldn't find it, we just don't have anything to show them.

Mr. Millar referred to Mr. Wood's comment about Burke County. He advised he works for the City of Hickory, the City pays them. He didn't care if that project was in Burke County, or Caldwell County, if it is in the City of Hickory the EDC is employed to recruit opportunity.

Assistant City Manager Rick Beasley mentioned Zero Delta which landed in Hildebran. He advised that the two people that owned it had moved into Moore's Ferry. No matter where it locates the City of Hickory would get the benefit on the housing side.

Mr. Millar advised he had lunch with them because they were really curious about what is going on with City Walk and Riverwalk and the life in Hickory.

City Manager Warren Wood commented if they hear those stories of folks wanting to relocate, maybe from other not business friendly States, or high tax States, there is absolutely opportunity out there and we are at a good time right now. The question is how long this economic expansion will last, it is not going to go on forever.

Assistant City Manager Rick Beasley advised a lot of it is those folks that supply those materials are from California and they are looking to move. They are going to give him a list of names of people that they work with.

Alderman Seaver commented a lot of that stuff is moving out of California because of the taxes that they pay.

Assistant City Manager Rick Beasley commented you have got to be ready to take advantage of that.

Alderman Zagaroli asked if there wasn't a developer at one time at the Fairgrove location.

Mr. Millar advised they are continuing to work with a developer who is showing a lot of strong interest in Fairgrove.

City Manager Warren Wood questioned the number of parcels that could be developed for industrial use.

Mr. Millar commented there was probably six or seven different site opportunities out there.

Alderman Zagaroli asked if that was still alive as far as interest.

City Manager Warren Wood mentioned one of the challenges that this area has; there is Matthews Construction, Looper, and Hickory Construction and those guys are slam busy. If you don't get one

of them to do the project then you have to get someone from outside, which is fine, but when we went through the recession a lot of the companies got wiped out and the capacity to do some of this stuff might be a little bit of a challenge.

Assistant City Manager Rodney Miller commented they had also heard that the Charlotte market was game buster and they are having trouble finding employees, which went back to the workforce development conversation which they had discussed the day before. When times are good and work is good maybe work is so good that we can't find employees. That is also an issue. You can go to Charlotte and make premium as a contractor, most likely you are going to go to Charlotte. We are actually fortunate to have three local ones because not many communities have that, but they are busy.

Mr. Millar advised there were some others, Moss Marlowe, and others.

City Manager Warren Wood commented it would take incentivizing someone to get them to do it.

Mr. Millar advised it is a risky proposition. Somebody puts capital out there for quite a while and don't get a return on it.

City Manager Warren Wood commented just like River Road. There will be criticism if the City gets into the spec building business.

Mr. Millar commented another aspect for example, the Burke County side of it. When you look at the State incentive programs that are out there, Burke is still a tier two county, but they are more likely to remain a tier two county for a while. Which means the State is going to come up with some programs, and are in the process of developing programs that are going to benefit Burke County a little quicker than they are going to make them available to Catawba County. There are some rural development initiatives at the legislative level that are going on so it makes some sense to have an iron in the Burke County fire as well. Making sure that we have opportunities, multiple vehicles on the lot instead of just that yellow station wagon.

City Manager Warren Wood advised Hickory benefits on the Burke County side. The Appalachian Regional Commission is another one which Burke County is a part of and they can go after some funds that the City of Hickory can't.

Mr. Millar asked for questions.

Alderman Zagaroli asked if the City was looking for someone to buy the dirt or are we working out something or have the options to say the dirt is so cheap just to get somebody on that location.

Mr. Millar responded they were flexible in their approach, because the key is, Fairgrove is going to be expensive to grade. When Hickory first acquired this piece of property grading was approximately \$6,000 to \$8,000 per acre, and the additional acquisition costs. You didn't have to worry about curb and gutter as much, and all of the environmental restrictions and controls that are in place today. Right now, instead of \$6,000 to \$8,000 per acre it is approximately \$40,000 to \$50,000 per acre.

Alderman Seaver asked what would be the best use of the River Road area that wouldn't take as much to grading. He asked about some type of a retirement community.

Mr. Millar commented he could see a mixed use development out there that would take advantage of being close to Highway 321. It has a great sitting. It could be mixed use, retirement, or retail.

Alderman Zagaroli asked how much the City was asking for the River Road space. He confirmed the word was out the City was dealing on that space.

City Manager Warren Wood commented staff works with Mr. Millar and talks with him every day. There are tens of millions of dollars' worth of projects that he is working on for Hickory at any given time. All of those don't pan out, but he has some in the hopper right now that look really promising. He does a great job. He is very innovative and not ridged in his thinking.

Mr. Millar thanked Council.

Alderman Lail excused himself from the meeting at approximately 9:36 a.m.

### III. State Legislative Update

City Manager Warren Wood mentioned that Governmental Affairs Analyst Sarah Principe had just attended the National League of Cities meeting in D.C. and she would update City Council on what was going on. She had met with all of the City's legislative folks up there. He advised in addition to that the North Carolina League of Municipalities is the City's lobbyist and advocate on municipal issues with the State legislature. They also have a slate of goals generally for the municipalities around the State. He commented there were some specific things that various department heads would report on and had proposed that would be the City's specific legislative agenda with our legislators in the coming year. He mentioned the City seems to be always playing defense. It was important that Council agreed with what staff was proposing. One of City Council's main jobs was to promote the City's agenda with our legislators. They also need to think about how they are going to go about doing that, because some of things they may not agree with.

Governmental Affairs Analyst Sarah Prence advised she had just returned from D.C. She advised the City works with the League, they basically are the City's lobbying group. They provide a lot of services, but one of their main services is advocacy. The City wants to take advantage of what they provide for us. She mentioned the General Assembly works on a two year period and so the League develops a list of goals every two years. The goals are still relevant but we are at the end and there will be another conference in November. They will come up with some new goals then. The League works to represent each city. The City can submit their requests to the League and it would go through their process and some of their committees and they try to narrow them down. In November there is a conference where each city gets one vote and that is how they determine their ultimate list of what those advocacy goals are going to be for the next two years. She advised she and Ms. Yaidee Fox were planning to attend that conference in November. She mentioned if there were some things they would like to submit to get on their list they could try and do that.

City Manager Warren Wood mentioned that Sarah Prence and Yaidee Fox were both registered lobbyists.

Ms. Prence presented a PowerPoint presentation. She discussed economic growth starting with the tier system which was to revise economic tier designations so that all towns and cities can thrive. She referred to the Joint Legislative Economic Development and Global Engagement Oversight Committee (EDGE). She advised there had been discussion about reformulating the tier system. She recapped the tier system in itself is used by the Commerce Department. You are either a one, two, or three. If you are one you are considered economically unstable, if you are a three then you are considered very strong economically. The City of Hickory was a two. She mentioned that had been a good placement for the City. She advised just from 2015 the State distributed \$71.4 million dollars in regard to these tier systems, and \$51.6 million dollars of that went to tier two. Tier one only received \$2.7 million dollars, so you can see there is a big distinction. Obviously we want our economy to grow and we want to have a strong economy, but we do not want to be mislabeled and have a seemingly stronger economy than what we actually have. We want to make sure that we continue to be eligible for different types of grants, specifically the Job Development Investment Grant (JDIG) program, which channels money to attract industry to the County. We definitely don't want to lose those type of things and the type of investment that we really do need in our County. What they had heard most recently from this EDGE committee, as of last week, they are looking at reformulating how the tiers are determined. Right now they look at unemployment rate, median household income, population growth and property values. She felt like that might not necessarily be a fair assessment or doesn't really assess the strength of an economy. They are talking about reformulating that considering tax capacity, which is the City's ability to raise money as opposed to the actual revenue that they are bringing in. She advised this wasn't fleshed out yet, but if they go into that direction it would certainly take into consideration the City's sales tax revenue. We are the hub in the area so our sales tax revenue is really strong. If you compare that to a population of 40,000 it looks like we are doing pretty well. They are not taking into consideration the fact that we have 100,000 people here during the day and we have to provide, police, fire and street maintenance and all of the services that go into that. If they stick with the tax capacity that would not be beneficial to the City. She commented the League is a fantastic resource and we have a great relationship with their staff. She was not slighting what they do, but you do have to recognize that they represent all of these cities of various sizes. If it turns out that this formulation is advantageous to the majority of cities and counties they may not really speak out against this. We can't always align with the League. They are in a position to represent everybody and that doesn't always mean that it is the best for Hickory. They had heard that this committee is trying to get some legislation coming up for the short session in May. She reiterated they don't know exactly what it will look like, but they are monitoring that very closely. She advised they were going to meet again next month and they would keep Council updated on that.

City Manager Warren Wood asked Mr. Millar if he had anything on that. That one is extremely important. If we get lumped in with Mecklenburg County and Wake County, we are not going to be a Mitchell County or Bladen County, we are in the middle, and we want to stay here at least.

Mr. Millar advised that we tend to fall at or about 79 or 80. The top 20 are tier three counties. That is Mecklenburg, Guilford, Durham, and Wake. We have a little bit of an advantage by remaining a tier two, but we are on the cusp so to speak. If they change the designations then there is a good chance we could become a tier three. He put a finer point on that. A project that they are working on right now received a JDIG award this week. It is looking also at Rock Hill, South Carolina and at sites in Mecklenburg County and Cabarrus County. The State will not award that same \$2 million dollar JDIG award to Mecklenburg or Cabarrus County because they are in tier three. Right now Hickory is in a \$2 million dollar better position than they are because of being a tier two county.

City Manager Warren Wood mentioned they had told Jay Adams and Andy Wells that they could not let that happen. They could not let the City of Hickory go into a tier three with Mecklenburg and Wake and the rest of them.

Assistant to the City Manager Yaidee Fox interjected that some Councilmembers and staff had heard this for a while now. They certainly had worked with Mr. Millar very closely over the last couple of years because they tried to tweak that with the calculations. At one point they were even trying to change it with the population loss and take that out. Council all knew that we had not had population growth that was significant because they put the City in a really bad situation. Some of our other numbers were good, but when you add that back in obviously that makes us a little bit more competitive for those incentives. That was a huge thing when that happened and they

communicated that not only to our local delegation and regional delegation, but also when they were in Raleigh. That was certainly something that they worked on with Mr. Millar, the County and several others in the community and would continue to work on that through Ms. Prencipe and staff.

Ms. Prencipe continued her presentation regarding economic growth. She advised the City would support legislation that would provide sufficient funding at the State level for incentive programs such as State historic preservation tax credits, competitive film incentives and the Main Street Solutions fund. Obviously we want to be eligible for as many incentives, grants and programs just to get as much help as we can. She pointed out the historic tax credits was something that Council fought for. At the time former Mayor Cline sent letters when they were getting together the tax reform which was passed in December. At the time the House, in their proposal, they had completely wiped out historic tax credits. The Senate cut it in half taking it down to 10 percent. Some of the Councilmembers may have sent letters, made phone calls, or sent emails at the staff level. They were very pleased when the final bill came out that they had completely kept those historic tax credits as 20 percent. The only thing that changed, they used to be able to take that credit all at once, and now the credit has to be taken over the course of five years so it is spreading it out but ultimately it is the same amount of money. We have to celebrate our wins and they thought that was definitely a win for the City. Obviously a lot of the redevelopments which Mr. Millar talked about earlier probably benefited from those credits. Although we may not have a whole lot of larger places, the historic tax credits also will apply to some of our smaller buildings. It is a great incentive.

Mr. Millar mentioned that goes back to the tiering designation as well. The tiers were established many years ago for the uses of incentives specifically. The use of the tiering system in order to determine whether or not it is competitive for film incentives or the Main Street Solutions fund. That program had migrated so that it is so important to keep ourselves competitive in the tiering system because those tiers are used in a whole lot of other programs. Including such things as spay and neuter programs that are funded. It is just easy and it has migrated, that is why it is so important to the City's tier two.

Ms. Prencipe discussed fiscal health. The City would seek legislation to provide municipalities with additional locally controlled revenue options. She advised Assistant City Manager Rodney Miller would discuss that more in detail about a possible quarter cent municipal sales tax option. She mentioned that a Bill had been passed through the Finance Committee last year. There was clearly some interest in it but it had been put on hold in the Rules Committee, so it is out there not really doing anything. It would be a great thing if the City could get that revived and get that going again.

City Manager Warren Wood interjected right now, obviously, property tax is the City's major one source of revenue that we are allotted. You can go up to \$1.50, which is the cap on that. Sales tax was the second one. That is a big one for us because we are a regional hub.

Ms. Prencipe advised the City was going to support legislation which defends the fiscal integrity of the Local Government Employees' Retirement System and its defined benefit structure. It was not a secret that this was one of Senator Wells' projects. He sponsored a Bill last year that would definitely overhaul a lot of the retirement systems in North Carolina and how they are structured. She understood that the Local Government fund was one of the best funded in the nation.

City Manager Warren Wood advised third best.

Ms. Prencipe replied there was a lot of stability there.

City Manager Warren Wood commented it is not when you retire you are going to be rich, it is the way that it is setup. It is soft. The benefits are actually pretty conservative but the fund itself is soft.

Ms. Prencipe stated we definitely want to maintain that. Fortunately Senator Wells' Bill last year was held up in the Pensions, Retirement, and Aging Committee and it didn't really go anywhere. They know for sure that Senator Wells had not let go of this and it was something that he was going to continue to pursue. He had been in the community asking questions to different groups. We know that he is probably likely formulating something, we don't know exactly what that is, but they are definitely monitoring it and keeping an eye on it. They will definitely make their voices clear about that. We know too that the public sector can't always match what the private sector is going to pay so those benefits are really important in attracting and retaining good employees for local government. It was pretty important and definitely going to be an interesting one to watch. She advised the City would support legislation to bolster the State's mental health and intellectual developmental disabilities treatment resources, including resources and solutions to lessen the strain on sworn law enforcement officers when providing custody of individuals in crisis. She advised that Chief Thurman Whisnant would talk a lot about that. She mentioned that mental health related issues are a great cause of a lot of the problems that we are facing in our society and we definitely want to push more for additional mental health funding. She pointed out the League had this as a priority.

City Manager Warren Wood mentioned they think there is a correlation between cutting mental health funding and what we are seeing with mental health issues on the streets with the homeless and substance abuse issue, there is a definite correlation there. We are being left with just having to police that, a safety net for a lot of those folks.

Ms. Principe discussed municipal authority. The City will oppose legislation that interferes with local management or ownership of local assets. She advised this would overlap with some of the City's priorities. Mr. Kevin Greer would discuss some of that. The first thing that comes to mind is the recent incident with the Asheville Water System. It was the State trying to take control of municipally owned and managed assets. Certainly if it is something that we have built as a City that has been paid for by our citizen's tax dollars, we want to maintain control and ownership of those assets. Anytime the State tries to step in we will overstep. We definitely want to prevent that. The City will also support legislation that provides for municipal elections to be determined by local municipal authority. She advised a couple of years ago they talked about trying to change the entire State's cities elections to even years. The City of Hickory has them in odd numbered years. The thought behind that was there is more interest generally in some of the bigger elections which take place in even numbered years. The thought was they would put municipal elections in even numbered years and lump it all together. Obviously we would like to maintain control. She thought there were a few cities that actually wanted to transition to even number years. Just to give us, as a City, as much authority as possible they would like the State just to consider that on a city by city basis as opposed to lumping it all together and making everybody switch. She thought that had gotten hung up in a Study Committee, it hadn't really gone through, and recently they hadn't heard anything else about it. It may not come up again, but they are going to watch that. Also the State Elections and Ethics Board had recently reformatted. She thought that Governor Cooper was in the process of making appointments to that board. It traditionally had been a five member board made up mostly of the Governor's party. They have now changed it to where it will be a nine member board with four democrats, four republicans and one independent. When they come together they certify election equipment, early voting locations and things like that. She didn't know if there would be anything new that they would throw at cities when they get together, but they will definitely be watching out for that in case it does happen. She reiterated they hadn't really heard anything.

City Manager Warren Wood interjected the whole municipal authority issue all started with the State eliminated the cities' ability to do involuntary annexations. In fairness, there were cities that were abusing that, but the answer is not to say nobody can do anymore involuntary annexations. That is where all of this was started. Now they are trying to take over water systems, airports, and tell cities what they can and can't charge for water and sewer, we are running in essence a business, but they say you are a creature of the State. There is this tendency to punish everybody for a few bad apples. The approach needs to be to address the folks that aren't doing what they should be doing, not penalize everybody.

Alderman Seaver commented he thought it was a matter of control of the money. They don't have to borrow from Peter to pay Paul.

City Manager Warren Wood referenced all of the transportation projects which had been discussed previously and what the City's responsibility was going to be on moving water and sewer lines on their project. They are shifting costs down to the City.

Ms. Principe discussed public infrastructure. The City will seek legislation to increase State level funding for municipal infrastructure needs. She advised that she had attended the National League of Cities conference, which was a great experience as she was new to her role and she picked up a lot of good information. The last thing at that conference they encouraged everyone to meet with their Representatives and Senators to discuss an infrastructure partner. She referenced the news and mentioned that everyone probably had heard about the Trump's administration infrastructure proposal. That was really why they were having these conversations. No one is denying that there isn't an infrastructure problem nationwide, so that is why you are hearing that talked about, because bridges are collapsing, there are road problems, all of these things. It was a good conference. She met with staff members from Foxx and McHenry's offices and well as Burr and Tillis and really had good meetings. She referenced the Trump proposal and advised it was an 80/20 match with cities and States paying the 80 percent and the Federal government paying for 20 percent of the projects. That doesn't sound like a lot of funding, but it was actually more than they are paying right now. It was a slight increase on funding. Another part of that plan would create just one agency. It was made to streamline some of the permitting process and they would work directly with the cities, it wasn't going to funnel through the State, in this plan. The City would contact this one agency to send in their application for funding and they would take care of all of the permitting. She reiterated it would all happen in one office. The notion was to streamline that process and make it easier. She advised it was a pretty detailed proposal, approximately 53 pages. She knew it touched on workforce development also. One of the ideas was to be able to use Pell Grants for technical type training. It was a broad plan. Explaining it all, at the end of the day, it doesn't really mean anything, it is equivalent to the White House budget in that Congress doesn't really even have to consider it. The White House puts out these plans and Congress may or may not do anything with them. She had spoken to each of the City's legislative offices and they seemed supportive of the idea. They didn't know exactly what it would look like or how it would be funded and that is why there was a lot of discussion. One thing she had heard was possibly adding a gas tax to pay for it. Republicans are not real big on doing that. The Democrats actually had a plan of their own which would be significantly more funding than the 20 percent that the Trump planned mentioned, but they also want to repeal part of the recently passed tax reform. That seems like that is not something that is feasible that would pass. There was really a lot of discussion and they don't really know what is going to happen. Four of the four groups that she had spoken with were pretty strong in thinking that it wasn't going to happen this year. As much as we would like to see it happen, just timewise, they go into recess in August. August is going to be here before you know it. It is such a massive plan and there are so many disagreeing views on how it should be handled. It seems unlikely that they would have something to present. She advised she had read an article from CNN and they

are quoting a Republican Aide from the Commerce Committee who said their goal was to have a proposal presented by Memorial Day. It may come up this year, it may not. She felt like the City's voices were heard, the Hickory story was told, and they had really good people listening and they truly seemed interested in Hickory. She definitely bragged on the Trade Alley project and how well that went and how successful that was, but also how expensive it was. She wanted them to know that Hickory is working hard and we are already being responsible with our infrastructure so we are not looking for a bailout or somebody to come save us, we don't need that, but we could use some help. That was the message that was sent, and most of the feedback that she got they truly did seem interested in Hickory as far as the bond projects and everything that we are working on. It was reiterated to her that Hickory is doing a great job and going in the right direction. She just wanted them to know how hard we are working to get Hickory growing. They agreed that Hickory is doing the right thing. She asked if there were any questions.

City Manager Warren Wood thought they were having some success. He referred to a letter that was going to Secretary Chao, signed by the Mayor, asking that they reconsider the City's application and the reasons why. The project that got funded in the State of North Carolina was the Blue Ridge Road improvement project in Raleigh by NCDOT, a project that was already funded by NCDOT. They got \$20 million dollars. Typically North Carolina has gotten two or three of these. He mentioned the NCDOT project was already funded, and he didn't know why they applied for \$20 million dollars. DOT's budget for construction is going to increase by a billion dollars a year over the next ten years, \$10 billion dollars over the next 10 years. They had put a lot of pressure on them and had a conference call with Tillis' office coming up. He advised they had been hitting DOT, the State Legislators, the Federal guys, everybody and felt they were getting some traction on potentially getting some help.

Alderman Seaver asked if they need an entourage when they went to Raleigh, or maybe send a letter real quick.

City Manager Warren Wood commented that staff doesn't get involved in the politics of this stuff.

Ms. Prencipe turned the presentation over to Assistant City Manager Rodney Miller.

Assistant City Manager Rodney Miller mentioned they had discussed the tiering system and Ms. Prencipe had informed him about the sales tax piece. As we are growing, the goal being to increase tax base, population and jobs, we need to be thinking about how we receive and or provide those revenues to provide those services. We are fortunate in Hickory, we are in three counties, Catawba, Burke and Caldwell and we have utilities in Alexander County. He asked who was paying the freight on those services, because there was approximately 100,000 people that will come through Hickory on a Friday, with shopping, and dining. He referred to the comment Mr. Wood had made that you could go up to \$1.50 legally on the property tax rate. There was a tipping point with the citizens, at some point that number is too high. Probably for some citizens it is probably already too high. What is that level that we need to set that at to provide for the services that we do? One thing that causes a strain on those services is those 100,000 people. Looking at police and fire, they have a massive amount of resources, public services as well, that goes to serve these visitors. The property tax revenues each year is about \$27 million dollars. Sales tax revenues are about \$10 million dollars. Philosophically we need to decide what levels should each of those be based on the tax and rate, and what we will see on the sales tax rate as to what we should have to provide those services for the people that come into the City of Hickory. What level should it be for sales tax? He advised today you pay seven cent in sales tax to the State of North Carolina. He pointed out that 4.75 cents stays for the State budget and 2.25 cents comes back to the local economy. Hickory only receives two cents. The other quarter cent, Catawba County went and got a local options sales tax to fund their new Justice Center, schools, economic development and water and sewer. They have an extra quarter cent in Catawba County that they keep. If you are in Burke, Caldwell and Alexander County it is only 6.75 cents. Their thought was yes we are this retail regional hub, but we would like to have our own local option quarter cent sales tax so that the property taxpayers, or citizens, don't bare all of the brunt of the services that we provide. Police and fire's budgets are \$10 million dollars each. He asked how much of the property tax dollars versus the sales tax dollars goes to pay for those services that we provide not only our citizens but also our visitors that come to the City. Right now that is a 2.7 and 1 ratio between property tax and sales tax. If the City was to get an extra quarter cent sales tax that would bring in about \$1.5 million dollars per year. That is the equivalent of three cents on the tax rate. If we had that today, an extra quarter cent sales tax, it would be 7.25 cents in Catawba, it would be 7 cents in Burke and Caldwell for Hickory. We could theoretically drop the property tax rate by three cents and keep the same amount of dollars. Catawba County did it in 2007 and tied it to a specific project, the voters approved it and they are now getting that revenue source. They paid for a \$44 million dollar facility, the Justice Center, with the lion's share of those dollars. Council may want to consider even tying that to a specific project, and getting a local option quarter cents sales tax passed. They want to pursue that with the State and or Legislators: 1) because we provide those services to citizens greater than our 40,000 population and 2) because of that it impacts the permanent residents of the citizens of Hickory more so than these visitor because they are just paying two cents locally to come into our City and use our roads, police and fire services. He advised it would be a local option referendum.

Alderman Seaver asked if it took more than voter approval.

Assistant City Manager Rodney Miller responded that is all it takes. You have got to have the authority to do the referendum. Most of that is driven by the county, so each of the counties have an option. He thought that Wake and Mecklenburg had a transportation sales tax addition. Theirs

was 7.25 cents in Mecklenburg and Wake County for transportation. Mecklenburg did the rail lines and used part of that money for that. That was something that staff thought would be better for the City's residents and would cause less pressure on the property tax. It would balance out. Since we have so many visitors they are paying the freight for those services.

City Manager Warren Wood commented you could say it is tied to paying back the debt on the bonds.

Assistant City Manager Rick Beasley commented reduce the amount of economic development costs.

Alderman Seaver mentioned at one time they had tried to raise taxes on prepared foods. It went over like a lead balloon.

Ms. Fox advised there was also different Legislators in power at that time too. It was certainly worth that discussion. The League has always had it on the forefront in trying to find different ways of giving us more opportunities.

Alderwoman Patton commented if Council did this then perhaps they wouldn't have to up what they would have to do for the bonds, it would be a tradeoff.

City Manager Warren Wood responded Council could do that.

Alderwoman Patton commented borrow one time upfront. They would still have to do the 2.5 cents, so the burden of the bonds would really be paid for by people visiting.

City Manager Warren Wood commented who would also be using those.

Alderwoman Patton commented the City would share that, even though they told the citizens that had voted for it, they could fund it in another way.

City Manager Warren Wood mentioned the legislation gave the City the authority when they proposed the referendum, and this is the voters deciding whether or not they want to do it.

Assistant City Manager Rodney Miller advised you have got to get the message out. The County did a pretty good job of the message, because the message was you have schools, you got people moving here. It was going for schools, and economic development. The County used Hickory as an example. Hickory has all of these visitors which doubles their population, so those folks should help pay the freight rather than our fixed income retirees.

City Manager Warren Wood asked in Wake and Mecklenburg County if the additional money for transportation was one half cent or a quarter cent.

Assistant City Manager Rodney Miller advised it was an extra quarter than what we have in Catawba County, but it was a half cent total.

City Manager Warren Wood commented they could ask for half.

Alderwoman Patton commented the bond could be paid for.

City Manager Warren Wood commented Council would hear that they were not going to be competitive with Burke and Caldwell County and folks are going to go there to save that half cent.

Assistant City Manager Rodney Miller commented they would also hear the legislature, right now you have each county kind of making those decisions. You are going to hear now each municipality gets to decide and now I want a penny for this or that, and you have 600 plus cities trying to do their own thing. If the tier system goes the wrong way that helps the City's argument more. If we get lumped into that tier three category, we need some help and flexibility. Mr. Miller advised that in the Federal and State legislation there were actually two Bills that were in the Senate, which were just sitting there, to cover lost sales tax revenue from online internet sales. He pointed out one thing to pay attention to as the Supreme Court was going to hear in June, a case called South Dakota versus Wayfair, Overstock, Newegg and partly Amazon. Those online retail sales are not being taxed. He advised that Amazon is collecting those taxes in North Carolina today, which we are receiving. If their selling another product from another manufacturer, those manufacturers are not paying sales taxes, it was just Amazon products only. If it is another manufacturer they are not collecting sales tax. North Carolina has been projected to lose at least \$300 million dollars in sales tax revenue each year because of that. The case was Quill versus South Dakota, the Supreme Court had been trying for years. North Carolina started with 13 States and now there are about 30 States. Everybody's rules were different so they tried a streamline sales tax effort. They tried to change our rules with the legislature over the years to match those other 30 States so that we have a consistent message moving forward against these entities. We are there now in North Carolina and those other 30 states, so we are waiting on this South Dakota decision. He advised on that \$300 million dollars, some of that was by population. North Carolina as 10 million in population, Catawba County has 150,000, we would get 1.5 percent of this number which was \$4.5 million dollars in Catawba County, and the City would get about \$750,000 of that. A penny and a half on the tax rate is pretty good dollars if this happens and we could adopt that locally. North Carolina has to allow for that and that is probably why these bills are sitting there. There is no sense in passing a Bill or adopting a law if Federal law does not allow it. They will be

looking at that, and if they get good news, then they will be talking to our Legislators. North Carolina is ready to make this happen.

Ms. Prencipe advised that one of the sessions she sat in on was with an expert on the Supreme Court. She went over a lot of their cases which would impact cities, but she felt very strongly that South Dakota had a good chance in winning.

Assistant City Manager Rodney Miller replied that they had said three of the Supreme Court Judges had already stated that they were in favor. The rules go back 20 plus years and they are outdated and we need to change the law. That is three, granted you have to have five, but three have publically stated they need to revisit it and it's a bad law, so hopefully we will have some success.

Alderman Seaver asked if there was any talk about businesses paying a fee to do business in the State of North Carolina.

Assistant City Manager Rodney Miller replied we had something locally with the privileged license and that went away. He didn't know if that would get legs, but certainly an avenue which they could pursue. He thought that would somewhat be targeting that industry.

Alderman Seaver responded no more than the brick and mortar places.

City Attorney John Crone commented a lot of this litigation also has in its background some litigation out of North Carolina, out of this area, where people go up on Highway 321 and buy a piece of furniture and you have got to pay North Carolina sales tax if you walk in there and buy it. Or they would say all you have to do and go out and order this online and we will save you this much sales tax. The same thing with wedding rings. His son bought a wedding ring and had it sent to Chicago where they don't collect sales taxes, then he brought it down here.

Assistant City Manager Rodney Miller advised since they don't have any nexus in North Carolina how do you charge them. They are not a North Carolina business, they are just selling to whatever State they are in. That is why they are trying to get our 30 states together. He advised Council to stay tuned on that until June. He discussed property tax, a fair solution to recover lost property tax from nonprofit hospital property outside their original footprint. Staff had a lot of calls. Catawba County Medical Center and Frye are now in a war to buy these smaller facilities. The City needs to have a conversation with Catawba Valley Medical Center. He had advised Council previously that they had bought the property located near Hollar Mill and Moretz Mill as you come across Tate Boulevard and Lenoir-Rhyne Boulevard on the right past Country Town Tire property. If they put a facility there it is going to be tax exempt, because they are a County owned hospital. The City doesn't think that is fair for Frye and fair for Hickory because we have to provide services to that facility. Staff is going to start with outside of the original footprint. He had done some analysis on this in the last couple of months. Based on the current property of Catawba Valley Medical Center, it was about \$500,000 in revenue for the City of Hickory that is tax exempt, so we do not receive that. The bulk of that was their main campus on Fairgrove Church Road.

City Manager Warren Wood commented if you are going to act like a for-profit entity and you are going to put these facilities up, then you need to pay taxes outside of your footprint. They wouldn't be having this argument if Catawba Valley Medical Center was the only hospital in Hickory, but that is not the case. Obviously they also do not pay County property taxes. They provide school health nurses and school resource officers.

Assistant City Manager Rodney Miller commented the County is getting benefit in their budget for over a million dollars because the hospital is reimbursing the County to provide those public health and school health nurses in the schools out in the County. He mentioned that he and Mr. Millar had met with Mr. Eddie Beard and he knew that. Having this as one of Council's goals give them a great opportunity for them to have that conversation. What can they do for us at Hickory High for example? They are doing nothing for us.

Alderman Seaver commented Hickory is in Catawba County. We pay Catawba County tax. Why do we not get the same services? He mentioned that he had that conversation with former County Manager Tom Lundy several times and he just laughed it off.

City Manager Warren Wood interjected that the City doesn't fund the school system, so that relieves an expenditure from the County so they can spend that money on something else. If Hickory High is getting that, that is great, but we don't fund Hickory High. We provide the services to Catawba Valley Medical Center and we feel like payment in lieu of a tax should be paid. Beyond that, if we don't get that, then they need to be paying taxes on these facilities that they are building outside their footprint in the City.

Assistant City Manager Rodney Miller commented if I am Frye I am going to have a conversation with Council, especially when they see that building off of Lenoir-Rhyne Boulevard.

City Manager Warren Wood commented the City was very supportive of Catawba Valley Medical Center. It is about fairness.

Assistant City Manager Rodney Miller added and making sure we are competitive. Frye just did a \$15 million dollar emergency room expansion which is going on the tax books so we will get revenue for it. He asked for questions or comments.

Alderman Williams went back to the quarter cent increase on sales tax. They would still have to pay back the \$57 million dollars. That wouldn't work if he wasn't mistaken, because they were looking at over a 20 year avenue, \$1.25 million a year only adds up to about \$30 million dollars. And they are talking about helping Chief Whisnant and Chief Hollar with their budgets and giving them more money, so Council is going to have to do both if they go in that direction.

City Manager Warren Wood responded they may be looking at raising taxes it just wouldn't be as much.

Alderman Williams advised Council would still have to do a little something on the property taxes and the quarter cent. If Council is trying to help fire and police out they couldn't just do one they would have to still do both.

Assistant City Manager Rodney Miller referenced Mr. Ted Cole's presentation from March 15<sup>th</sup>, whether it is this year, by next year that was 4.5 cents, they had to adopt almost five cents in March of 2019. That only has a portion of that. He commented they could double it, get a half cent, now you got your six cents.

City Manager Warren Wood advised that Council may be looking at increases in property tax.

Alderman Williams commented if something happens you have to have police and fire there which is costing the City money. There are a lot of things that we are spending money on as a City. Taxes are necessary.

Assistant City Manager Rodney Miller mentioned he was talking about the flexibility now. Now Council's option is they raise property taxes or they don't do it. He advised the leadership had changed at Catawba Valley Medical Center and they had a meeting with Mr. Eddie Beard. They are a big partner in Hickory and Catawba County. He thought with this, they would be able to get to the table with them and work out a fair and amicable solution. They realize that not paying taxes had certainly helped their bottom line. Some type of payment in lieu of or school health nurses, something for the City. He had made the comment that helping Hickory High did not help the City of Hickory's budget at all. He mentioned that City Walk, if that is their property, actually starts at LR and it is just within a couple hundred yards of that facility. What could they do on City Walk to help the City's budget for example? How do you tap into that \$500,000 hole? What can they insert into Hickory's budget that would be beneficial for our citizens? Is that a sidewalk project down there, or whatever case that might be. He asked for other thoughts.

City Manager Warren Wood interjected it is not fair that they are doing that for the County. We are glad to serve them.

Assistant City Manager Rodney Miller turned the presentation over the Police Chief Thurman Whisnant.

Police Chief Thurman Whisnant advised some of what he would discuss were issues which they had discussed with the North Carolina Chiefs of Police Association and some of them were more local issues, but a lot of these were statewide issues. He referenced the homelessness forum which was previously held. The issue of mental health and substance abuse issues ties into homelessness and the urban camping issues. He wanted to illustrate the challenges and the problems that the City has and advise them of some things which would be helpful on the State legislative side. He discussed involuntary commitments. Over the years, in the late 90's or early 2000 there was a mental health reform, everything is privatized now. From police's perspective they had not seen great benefits in that, in fact to the contrary they seem to continue to have problems with that. There are a whole lot of folks that are dealing with mental health issues. The jails and the criminal justice system has become the place where everybody ends up when you have mental health and substance abuse issues. There was a reduced number of beds in facilities for those that need treatment. He referred to the homelessness forum and mentioned mental health issues was driving homelessness. If they could do an intervention with the 50 to 60 people who are living on the street right now, where would they go? They hear year after year that the funding gets cut, which is obviously a problem. He commented on active shooter incidents that you see nationwide, there are mental health issues with that, opioids, substance abuse, methamphetamine and those types of things all ties into this. He discussed involuntary commitments which there were three kinds; voluntary, involuntary and emergency. The involuntary commitments are the ones that cause the police the most issue. That is where a family comes to the magistrate and says I have a family member that is either a substance abuser or they are a danger to themselves or others. The magistrate issues a paper which gives the police the authority to take some person, against their will, and deliver them to a 24 hour facility for an evaluation, which most often times is the emergency room. They do that and a lot of times their officers have to wait for the person to have an evaluation, a doctor has to do an evaluation by law in 24 hours. The problem arises if the doctor says this person in fact does need treatment, then they have to decide where that person is going to go. Many times there is no place for that person to go. He advised the approximate hours that an officer is sitting with that one person would average out to about 1,400 to 1,500 hours per years, which equals out to about 60 days for that one officer to sit with one person. He gave another example, one of their officers was at Frye Hospital and a lady was in there for a voluntary commitment. The officer was working security at the hospital. The person ended up assaulting a person waiting in the waiting room and the officer gets involved in that. Because she is already there for a commitment, they continue to wait in the emergency room to do some of the treatment. She calms down, they remove the handcuffs, and she bear hugs the officer as they are trying to get her on the gurney and his ear was severed. She bit his ear. He is

going through treatment right now. The next day they are on the phone trying to figure out what should be done with this lady, because she obviously needs to be committed and needs to be treated in a facility, but there is no place for this lady to go. They were talking to the doctors and staff at Frye, and they basically said there was two options here: she assaulted a police officer and they could get her back on her medication and then she can go to jail; or it is going to probably be 30 days before we have a place for her to go.

City Manager Warren Wood interjected this officer had his ear bitten off, and they were not able to put it back on. This is where this stuff gets real. That is a real problem. They have got to do something at the State level for funding.

Chief Whisnant advised he could go on and on, and give example after example of things that the police see on their end. He opted for the 30 days. They are not going to keep putting people into the criminal justice system. That happened on a Friday, and by Monday the hospital had released her, she is back on her medication, and they had to charge her, so now she is in jail. That was just an example of what is happening more and more and his understanding that funding gets cut more and more. In talking with mental health organizations he hears from them all the time that funding gets cut, especially for those folks that don't have insurance, which is really the folks which they are dealing with most often. The main thing is letting the Legislators hear that they cannot keep cutting State funding and thinking that the criminal justice system and the jails are the answers for mental health.

Human Resources Director Claudia Main mentioned that really hits home to the City family too. They had two instances where an employee needed this type of help for a family member. They can't place them anywhere so they are having to miss work for long stretches of time or they are having to travel out of town. Although they have insurance that would help pay for that, they can't even find that treatment locally, because every place is full and it is a month's wait. When you have that teenager maybe who is suicidal or needs intensive counseling there is no availability.

Chief Thurman thought there was an estimated 900 beds in North Carolina for longer term mental health services for the whole State. He continued his presentation discussing seeking additional penalties for habitual trespassing and property damage. That related to some of the commercial properties owners which they are working with, some of the damage and debris, and things that come about as a result of urban camping and things of that nature. A lot of that is related to homelessness. They charge over and over again and they are right back on the person's property. They are resistant to wanting to get help and resistant to wanting to get treatment and that is a tough issue. He referenced the public ad campaigns. There is funding that goes to things like "Click it or Ticket" or "Booze it and Loose It", or "Keep North Carolina Green". He referred to a video which the police department did in partnership with United Way, and Salvation Army. He advised this was also a statewide issue that they were discussing with the Chiefs Association about what legislation and they could do. Every metro city is dealing with these kinds of issues. Maybe some of those funds could be shifted to try and educate our public on the right and wrong ways to help. He advised their video in a week's time had over 1,200 views. If the State could do some billboards and some funding to get some of the education out there it may cut down on some of this. They need to address the folks that are habitual in certain situations. One of the other things that was a challenge with that was House Bill 384. The Legislators seem to be going in the other direction. They had enacted a law that now when magistrates issue warrants, the magistrates are encouraged to look at criminal summons, even sometimes for felonies before they issue warrants. They have issued some criteria which was intended for when a citizen comes to take a warrant out on another citizen, but it is being applied across the board to law enforcement. He thought they had to fix those kinds of issues along with this and the Chiefs Association is looking at that. He gave for an example. They take a proactive stance on repeat shoplifting and larceny. After so many there is a habitual larceny where it becomes a felony. They had a guy, because of this new law, they arrested him three times. Every time he went to jail for stealing at one of the retail establishments on Highway 70. When he met the habitual status they went to get a warrant and got a summons. When he met habitual status they handed him a summons, which is in essence like a traffic ticket. They have got to get the Legislators to understand they need to go in the other direction on that and to help them with issues where they are having repeat problems and repeat offenders.

Alderman Seaver asked if there was any suggestions on what those additional penalties might be.

Chief Whisnant commented it is a very substantial amount of property damage that is done. When they are dealing with folks that they have code enforcement cases on, these folks have thousands of dollars sometimes for cleanup that has been left of camping debris. If you have somebody there and they are repeatedly trespassing, how much of the trash that is there and existing can you prove and hold them accountable for. If you have some sort of issue where it is a repeat thing and it puts them at a different level to discourage that and it is done at the statewide level maybe it will be helpful.

City Attorney John Crone commented the people that are doing this are the drug addicts and the people who don't have money anyway. You can up the fines but they are not going to pay it. If you put them in jail then we are going to spend thousands of dollars to feed them and clothe them.

Chief Whisnant commented it is a tough issue. That goes back to educating the public at the statewide level.

City Manager Warren Wood commented at the end of the day, at some level, we have got to

protect people's property. We want these people to get the help that they need. The trespassing charge which they are given now is a real low level offense and the jail doesn't want them, and they try to get them out as quick as they can, so they are back out trespassing. That is all that we are left with. If they are not going to fix the problem we are going to have to police it in a different way.

Deputy City Attorney Arnita Dula advised it depends on how they crack that law, because that will hit other people too, trespassing. The property damage one would be incredibly hard to prove that "Joe" did all of that.

City Manager Warren Wood commented they could just do the habitual trespass.

Alderman Seaver referenced an article in a magazine where some areas in the country had created these homeless resource centers.

Deputy City Attorney Arnita Dula mentioned that conversation had been here but it died.

Alderman Seaver commented what he surmised the jury was still out on that.

Chief Whisnant continued his presentation. He referred to last year with two specific bad incidents. He mentioned the three young people who were murdered in the parking lot at McCroskey's. A few months later there was another unrelated incident in the parking lot at Alessio's, which both of these are alcohol establishments. He advised this was another issue that had been discussed by the Chiefs Association and other organization. He knew Senator Wells was working on some things with this. The City's involvement on the frontend, somebody comes to the City who wants to open an alcohol establishment in the City. The police department gives a local opinion on the applicant. Their opinion would be whether the location is suitable, looking at whether it had been a bar, a club, or restaurant before. They would also look at prior call history and also if the applicant was suitable. They do a background on the applicant. He mentioned people that are really persistent, and they want to open a bar or a private club, always find a way to do it. If there is an applicant that is not suitable and they have a criminal history they can always go find somebody else who is going to apply, but the applicant that wasn't qualified would be the person running or managing the bar. They will find somebody else to put their name on a piece of paper because they have a clean background. He referenced the ABC Commission, sometimes the people on the Commission may be a little stricter and they work well with law enforcement and are more apt to fine or suspend a permit quicker than others. They have seen bars in the area get their permit, typically a 90 day temporary permit. After the 90 days the Commission issues a more permanent permit. There were a whole lot of regulations which come into play then. It makes it near impossible for an ABC establishment after 90 days to have their permit revoked. They would have to have several major incidents and you would have to be able to say that those incidents that happened on the premises tied directly back to some actions or the like thereof the permittee. They had some places over the years which they had their struggles with and had seen successes and failures. He advised there were some needed things that would give the police department more authority locally to kind of deal with some of those issues where they have bars or establishments that seem to be repeat problems. He referred to "18b" which was a complex law, and a lot of the regulations give ALE agents, or if the City or the County has a contracted local ABC Officer they have a little bit more authority to do things. If they charge somebody with something on the premise, following a search warrant or something of that nature, then the Commission can act a little bit quicker. Chief Whisnant had talked with Senator Wells about some changes there. He advised if his narcotics folks are doing an undercover investigation there, they should carry the same weight with the Commission as what the ALE Officer has. He commented a lot of the things that are nuisance calls are not a factor with the ABC Commission. For example you have a bar or an establishment that is close by some residences, and they are getting repeat noise complaints and littering, all of those things can be every weekend occurrences and they get all sorts of complaints. There may be a fine here or there, but their hands are tied in dealing with those kinds of things with the ABC Commission. He would be nice to have a little bit more local control when they have those kinds of things, they are not these major issues, but they are able to adjust the hours or something of that nature after they show there had been so many noise complaints or so many issues there. They could advise them their hours of operation are now midnight instead of 2:00 a.m. Anything that would give us local control. He knew there were some folks working on a Bill right now. You can be under 21 and be a permittee of an alcohol establishment right now. That age should probably be raised. They would also like to see, when there is an incident, like at McCroskey's, or some other place, an immediate ability for maybe a "cooling off period". So if there is a murder or somebody with serious bodily injury, and that happens on the premises, if it is Friday night, and they are going to be back open on Saturday night, it would be nice for law enforcement to say once you have had this incident, death or serious bodily injury incident on your premises, then there is an immediate 10 day revocation and it gives them a cooling off period and time to investigate to see if that tied back to the permittee. There is a long process right now to file a violation and an investigation, and they can be open for weeks after something like that happens. He asked for questions.

Chief Whisnant continued his presentation discussing legislation which would permit municipalities to abate nuisance on properties where there was unknown ownership or heirs. He used as an example the property beside Zloop. In code enforcement the first few years was great because there was a lot of low hanging fruit. They had picked all of the low hanging fruit and now they are running into situations for distressed properties where they get into unclear ownership, dissolved corporations, and things of that nature. The roof had caved in on the Zloop property located on Highland Avenue. Code enforcement had abated the nuisance to the best of their ability. The windows were boarded up. They have a corporation which no one is serving on. They are in

Federal prison and that property in essence is just going to sit there. We are deadlocked. We need some mechanism where we can do something.

Deputy City Attorney Arnita Dula advised they did something pretty tricky when they did bankruptcy in conveying that asset and the corporation that owned it are no longer in existence. They don't have anyone that they can even serve in trying to do a code enforcement case. There is no corporation anymore and those two individuals are in prison. Code enforcement went in to board the property up to prevent injuries because people were wondering in. There was an owner of other properties in that area was interested in purchasing this, but he ran into the same issues which the City did. There was no one to really talk to, to effectuate a sale. So then we are stuck. She referred to unknown heirs. Some of these older properties even neighbors might not know who the heirs are. They may say so and so had a son or a daughter but it seems like they moved to California, or there was a grandchild maybe. No one knows who these people are. They have done some of these properties by giving notice through publication in the newspaper, but that is a roll of the dice. An unknown heir could show up and say, I didn't have notice and you demolished the house and that was my childhood home that you demolished and you didn't tell me. Right now we have no protections and if we can't show that we acted in due diligence to try and notify those heirs it puts the City in a very difficult positions. This would be very helpful if we could get some kind of statutory protection that allows us to abate those kinds of nuisances.

City Attorney John Crone advised on this piece of property he didn't care if somebody came back and said that we did something wrong.

Deputy City Attorney Arnita Dula commented that property would be expensive because that place is big and one part of it is caved in. The expenditures to abate it was huge. She referenced Southern Desk.

Assistant City Manager Rodney Miller mentioned that would be a great policy discussion which staff would need some Council input on and at what level. He mentioned that was just one example, but there were multiple examples not only in industrial property but in residential property as well. There is a line item for demolitions in the code enforcement budget. What they have tried to do in the past, we have gotten some of the ones that were easy, but now we have those heirs that we can't identify, so we have to decide of a policy if we are going to let those sit there, or at what point have we gone fair enough that we accept some risks and/or liability to go ahead and take this property, demolish it and try and get a new developer and get it back on the tax books.

City Attorney John Crone advised he was going to meet with some of the litigators in his law firm and with Deputy City Attorney Arnita Dula. They were going to serve somebody and get some court to say it is okay for the City to do whatever they want to with that piece of property.

Assistant City Manager Rodney Miller requested that Mr. Crone keep them in the loop because there was a potential buyer for that property.

City Attorney John Crone had talked with that potential buyer. The problem is these people are in bankruptcy. He advised he had closed a house of one of the principles here and they had to go through the U.S. Attorney's Office to give those proceeds. There are a lot of players involved who do not care about this property.

Alderman Zagaroli referenced the facility located on Falling Creek Road that used to be a furniture factory and it was the same, bankrupt property. He advised it was the property right behind the North Stone Subdivision.

Chief Whisnant continued his presentation discussing the skill fish games and the gaming locations popping up in Hickory. Within the last year or so there had been 18 of these that had popped up in Hickory. He mentioned the Legislators had tried to write some laws which were a little bit vague and this had went back and forth with the gaming industry, which has really deep pockets. There were two major gaming corporations. Sandhill Amusements, out of a case in Onslow County, managed to get a temporary restraining order issued to all law enforcement agencies across the State. The Sheriffs and the Chiefs Association were able to work with a law firm and get that stricken. He advised this was a creative way to get around the gambling statute. The way it works, you go into one of these establishments and you are buying internet time. You sit down at one of these gaming machines, in essence it is video poker. You leave and you get a gift card that is cashed out in some way. Some DA's across the State were more willing to pursue these cases than others. The gaming industry came in a couple of years ago and they made the argument that these games required skill and dexterity. Gambling is a game of chance, so if you can show it that it requires skill and dexterity then it is not gambling. A judge in the eastern part of the State agreed with that and these places continue to exist in different areas. Now we are seeing these skill fish games pop up. These are places that draw a completely undesirable clientele from all over the place. Police are starting to see stolen vehicles from these places and other cities are seeing the same thing where these places pop up. He referred to the news where one of these places was robbed and there was a whole lot of cash that was held inside this place. He referenced another incident where a search warrant was issued on an owner in Thomasville and they got \$600,000 cash out of the owners house who had opened up a few of these skilled fish game locations. Police are starting to see some problems in and around these areas.

Alderman Seaver commented at one time the City had put some fees on these machines.

Chief Whisnant commented years ago the video poker machines were allowed and you could have

so many. The Sheriff's Department regulated those.

Deputy City Attorney Arnita Dula explained that Alderman Seaver was talking about there was a case out of Fayetteville where people had increased fees, almost privilege licenses. It was per machine and per establishment. That got struck down as being unconstitutional and the City had to refund one business that sued us for the money. That is a no go.

City Attorney John Crone commented it is all about priorities. Does Council want to sink their priorities in trying to keep people from gambling? You can go down the street here and North Carolina lottery has a keno game, where you can go in and get a card and get some numbers, and every five minutes they put your numbers up there. What is the difference in that? Where do you put your law enforcement manpower? He thought that was something that Council would need to decide to do.

Chief Whisnant advised they were starting to see some problems in and around these areas. They are seeing some crime and there are criminal elements here, robbery and drugs. Their narcotics folks, as they are working cases and looking at phone records and text messages, a lot of the folks are saying meet me at the skilled fish place or whatever. They are working on some things right now, some of these may be in violation. He referred to Greensboro, and instead of using their sweepstakes statutes they are looking back at the slot machine statutes, which say if you put money in and you get money out, that is in violation. It is an old statute and wasn't exactly designed to address skill and dexterity. One of the reasons the laws have been so vague if you have the McDonald's sweepstakes, the Dave and Buster's, and Chucky Cheese, how do you differentiate that. That had been part of the problem. In essence ALE is not under the TRO anymore, so they delegated eight folks to go around and work with some municipalities and counties around the State. If they could get some legislation that clearly states there can't be any electronic slots, keno, video card games, regardless of whether skill or dexterity is used, that would be very helpful to some of these locations. He didn't think that was the kind of economic development that we are looking for in Hickory. They were going to do everything they could, but he didn't know how successful they were going to be. He asked for questions.

Public Services Director Kevin Greer joked that no one could do anything without public services. He discussed local authority. Stop taking away local authority and putting it into the State's hands or somebody else's hands. City Council is the executive board for a \$27 plus million dollar business. Water and sewer service by itself is an enterprise fund. It is meant to make money so we can provide the service, but expand, update and rehab. It is meant for all of those things. Council does not want someone else taking their authority, as the executive board, away and applying it in a different place. Which is what we are seeing a little more and more. Some of it looks weird, only because the way it is coming is from some Legislators that have some counter interest. That is how some of this got started. The system development fee was one of those. In 2015, there was not a very intelligent utility company that decided they would change their one time capacity fees, capital charges, or impact fees. An impact fee is if it has an impact to the system that is tied directly to something. If you are going to add a subdivision of 500 homes it has an impact on the water that is there, so you charge a fee directly tied to that impact. This other system decided to quadruple their one time fees for new developments. It just so happened that this one new development was close to a lesser State institution. It was housing for Chapel Hill. There was an apartment complex being built and their one time fees tripled because of a change in their own codes. That system went back and said they made a mistake. It went from \$300,000 to \$1.2 million dollars as one time fees. There was a Legislator that was over that group and she went ballistic. It boiled down into a system development fee, which got to the point that the State Legislators actually telling us, as a business, how to calculate the impact fees that we need to run the system. Now we have the onus of creating this system development fee. They are doing that study now. The way that works is we have a financial consultant that does that study for us. He has worked with the City regularly over the past 20 years and he does that check and balance for us. In that fee there is a very specific way that it has to be calculated. Regardless of how your system operates or what it consist of everyone has to calculate it the very same way. The unintended consequence on this, Council was going to see the City's allowable system development fee, which could be an estimated amount of \$2,500, which could be the onetime fee for a three-quarter inch water tap. Right now we charge \$495. The Legislators say by system development fee this is your calculation you can charge this. We, as a system, say we operate this way and we really need to charge this instead. It is something way less than what we could charge. Council would see that coming forward. They have to do this study and it has to be posted for public comment and Council has to have a public hearing and say yes they want to charge this fee or not after we have heard the public comments. There is a process that we have to go through to get capacity fees reinstated after July 1<sup>st</sup> so that will happen with the fee schedule.

Alderman Zagaroli asked if that was going to be State law.

Mr. Greer responded that is a State law that everyone who charges an impact fee has to do this study. If you don't do a study you cannot charge them. Council and the City has a say in what they actually charge. They are just saying that you have to calculate this way and this is the maximum, but you can charge whatever you want to, just nothing more than that.

Alderman Zagaroli confirmed that the City wouldn't have to charge at the time.

Mr. Greer replied correct.

Assistant City Manager Rodney Miller commented in those other entities that are more efficient, like

us, can charge a lower amount.

Assistant to the City Manager Yaidee Fox advised this actually was the outcome of a lot of heavy discussion and lobbying efforts. The original bill was going to do away with that, which would have detrimental to trying to make sure that we were planning for development and future growth. Certainly that was a reason that we had paid a lot of attention to it as well.

Mr. Greer added even replacement rehabilitation. Council and staff knew that the City is very replacement rehab driven. We very much reinvest in our system. Downtown was a perfect example. They spent \$5 million dollars in two blocks and gained no new customers. Why in the world would a business spend \$5 million dollars in a certain area and gain zero new customers? Budweiser would never do that. That is a terrible idea. We had to because that opens it up so redevelopment can happen downtown. It makes service more dependable. It gives us another 100 years of life in that area that then people can do what they want with their property because we have the services there to help them. He referenced the fire codes at one point had gone from getting the person out of the building, just saving the person, to now getting the person out of the building and saving the building. Downtown those buildings are just side by side. When the system was built it was built for getting the person out of the building, not saving the building too. The code that we have to meet now is to get the person out of the building and try to save the building. That takes a lot more water at one time when fire is needing it to fight fire downtown. The system development fee expansion was just another one of those that the Legislator got mad and overreached and are now telling us how to calculate those fee and how to run our business. Mr. Greer mentioned the Water Rate and Regionalization Study Committee which came out of last year's law, the amended environmental rules law that came out and changed a whole bunch of stuff. One of the little things that was slid in there was a study commission to talk about the water rate and regionalization. The EPA and the State DEQ are saying regionalization is good. We absolutely 100 percent completely agree with that, regionalization is good. Because you have got a bigger base that is providing that service than just everybody on their own trying to serve it. That is communities coming together to help each other. He explained what happened that brought about this change. He referred to the Asheville water system. All of that started because one State Legislator and one County Commissioner wanted to get three new people on MSD, which is the sewer system up there. This MSD ran all of the water and sewer within these two counties. When the rest of that board said this board is not really active we just need to dissolve the board. They dissolved the Buncombe, Henderson, and Asheville Water Authority Board. That made those two guys really upset. So then they went to the point of saying if you are going to dissolve this board we want the State to be able to take over this system and give it to whoever we want to give it to. He advised this is the overreach part, this is where the State comes in and says, we are North Carolina and Asheville is a subdivision of North Carolina. Therefore, anything you own we actually own because we let you be a subdivision of us. That was the State coming in and saying it is your asset, but you are a subdivision of us. Therefore, it is our asset and we are going to take it and do what we want to with it. In the first session through court that was upheld, the court agreed. It then went to the Supreme Court and they said no, they were singling out Asheville by themselves therefore you cannot single out an individual system, so Asheville got to keep their water system. The bad part about that was they said you can't single out Asheville by their self, therefore you got this study that comes out for the entire State now on water rate and regionalization. That is something that is ongoing and they are working through it. This is one that they have to keep an eye on because really all it takes is the County saying, we agree, we ought to have it all and put it all together. The County that you centrally operate in has that authority, Catawba County would have to be the one to do that. The comfort we have, at least for now is, we have so many contracts with Catawba County their well-being depends very much on the water and sewer of Hickory of that economic development. They doubt that will happen, but is something they just have to keep an eye on work through.

City Manager Warren Wood commented if you don't control your water and sewer system you don't control anything related to growth. That is what it all comes down to. Any city that doesn't have its own water and sewer system does not control its own destiny.

Alderwoman Patton asked if they knew when this committee was going to have its findings.

Mr. Greer thought in September was when the study was to be complete.

Ms. Prencipe thought that was correct, they were talking about as far as actual legislation not bringing it until 2019.

City Manager Warren Wood advised this is going to get into what the City charges for outside rate and other customers. Regionalization is just really five regional systems in the State and we are one of them.

Mr. Greer advised those were Charlotte, Raleigh, Greensboro, Asheville and it use to be Wilmington, but now Wilmington has joined Cape Fear Water and Sewer.

City Manager Warren Wood commented that really impacted those the most.

Alderwoman Patton referenced the event where they were trying to take over the Charlotte Airport.

Mr. Greer commented that was the exact same principle.

City Manager Warren Wood commented it is about local authority.

Mr. Greer commented everything he is talking about is us having the local authority to run the business the way we need to versus the legislation. The water rate regionalization study is ongoing now, but realize that started completely because of a Legislator and a County Commissioner got their feelings hurt on something else.

City Manager Warren Wood commented the City's Legislators were not sympathetic to all of our plights.

Mr. Greer advised the other part that rolled into the water rate and regionalization study was legislation preventing differential rates. The way most systems operate in North Carolina, which is allowed by legislation, inside the City you pay a rate plus something. Generally it is two times it can be as high as four times. Hickory has an inside rate and an outside rate. The inside rate is what we make all rate decisions on and the outside rate is twice that. While we are operating completely outside the City of Hickory with some of our water and sewer, the City needs to also be the beneficiary of that. That is the reason that we charge double. That will either force them to want to come into the City. Or, the City collects those rates and then utilities pays pro rata which helps with some of those costs.

City Manager Warren Wood clarified the City does not force anybody to tap on outside.

Mr. Greer reiterated the City does not force anyone to tap on. It is a service which the City provides and it does cost the City more to operate outside of the City than in because you are pumping water further. There are more costs in that. The operations outside the City are also an economic benefit to the City because we have 22,000 customers which are inside, but we end up with 32,000 customers that are outside if you count everything together. There are 10,000 more customers that we are sharing all of the costs over. There is definitely a benefit to that plus the economic development. If it happens in Sherrills Ford we see benefit of it. If he happens in Claremont or Conover, we see benefit of it on the utilities side, which again keeps the costs down for everybody else when it comes to the rate model. Legislation that would prevent that differential rate is rolled into the same one as the Water Rate and Regionalization Study Committee. You would think that they were concerned about charging different rates outside Asheville and inside of Asheville. Asheville is the only system in the State of North Carolina that has a State law that goes back to the 30s for the first time, and the 90s and then 2005, called the Sullivan Act which prevents Asheville from charging differential rates. Back in the 30s there were five or six systems around Asheville that were actually financially bankrupt. The State asked Asheville to take those systems over. Asheville took those systems over and then the State came back and told them they had to charge them the same thing they charged everybody else. That was a bad deal, but Asheville had took that on and had been successful in the rate model. So they are different than us. When you talk about the system doubling the fee and the legislature saying that you have to do everything in one big brawl brush, utilities don't operate that way. It costs the City of Hickory differently than it costs Asheville, Charlotte, and Wilmington to operate our systems. That is a local issue, not a legislative issue. He discussed the recognition of the municipal system as continued as an appropriate model. He thought they had kept this one at bay a little bit. There was the thought in 2013 that the best way to run a system was to make it an authority, and then the County just has to say we want to make it an authority and then everyone has to be a part of the authority. That is fine if that authority is then going to pay the City of Hickory back the \$500 million dollars which we have invested in infrastructure. You can't just take our tools and then not pay us back for those tools. That is where that one kind of got beat down. They actually had them put in the legislation that the municipal system is the standard and then the County system and authorities are equally viable types of systems. All those are local control type of issues and they all boil down to the exact same thing, which is the City, and the Council that governs the City, should be the ones that control the decision making when it comes to this business that they are operating in utilities.

Mr. Greer mentioned some things which had changed with NCDOT. It is great to have NCDOT projects. He advised the budget for DOT this year was \$4.8 billion dollars, \$2.3 billion dollars of that \$4.8 billion dollars was in construction. That is a lot of construction when you talk about \$2.3 billion dollars across the State in construction, and their budget growing by a billion dollars a year over the next ten years. In that, where DOT used to pick up the costs completely when it came to certain utility changes, now the way the legislation was setup, when it comes to relocating powerline along a road, which is completely the power provider's costs. Telephone, telecommunications, fiber optic for Charter and those kind of things, all of that is completely their costs. Water and sewer, depending on the size of the population, for example the City of Hickory's population is 40,000, anything from 10,000 to 50,000 we pay 50 percent of that cost, regardless of the project. For example Highway 321, there is estimated over \$11 million dollars just for water and sewer in the 321 project. Where they used to pick that up as a part of the construction and the City would have a minimal cost in that, now we will have a guaranteed \$5.5 million dollar share in that utility relocations. He referred to the Highway 127 widening, the system the City owns from Zion Church Road to Highway 10, that is a \$5.8 million dollar utility project, just for water and the City is at \$2.9 million dollars of that. He advised these were over the next ten year window. Sweetwater Road extension was \$550,000 that Council just approved in a municipal agreement. That is building that new road across the campus. Sandy Ridge Road, CMAQ project was an estimated \$600,000 for that one. The 29<sup>th</sup> Avenue widening, from the McDonald Parkway extension from Springs Road over to Highway 127, was \$3.4 million dollars and the City would be \$1.6 million dollars of that project. Highway 127 at 1<sup>st</sup> and 2<sup>nd</sup> Avenue was \$350,000 that we would have. All of these numbers rolled together totaled approximately \$23 million dollars in utilities and the City would be at \$11.6 million dollars of that.

City Manager Warren Wood mentioned the City did not anticipate that. The City had not set the money aside for this. They didn't know that was going to be something that the City would be tagged with. Now we are either going to go up on rates or squeeze out rehab projects that we would have gotten done otherwise.

Mr. Greer commented as we are talking about adding a billion dollars a year across the State, say Catawba County gets a portion of that, if there are 100 counties and there is a billion dollars, it would be \$100 million dollars that comes to Catawba County every year additionally then. How much do we need to be counting on for utility work for this \$100 million dollars in road construction that will be coming?

Alderwoman Patton commented so we really do need that quarter cent sales tax and everything else that they had talked about. We need it all.

Mr. Greer commented the unique thing about water and sewer is it is totally rates and fees driven. There is no tax in what they do. If there is economic development that could be. This gets into the discussion when they come forward with rate increases.

City Manager Warren Wood advised the City had done a good job on the utilities side in planning for projects but this was not planned for, it was out of the blue, and that is a huge number.

Mr. Greer commented it goes back 15 to 20 years ago when Mr. Wood was doing Mr. Miller's job and they were talking about finance and budgeting and how to set things up and how to plan for this animal. That is how they set forth the financial plan now. If you look at their Fund Balance at times there is money in there, but there is not enough that covers \$11 million dollars that we weren't planning on because we already had all of that stuff budgeted. They really try to be smart about what they do but that takes all of staff to really figure all of those things out. It really boils down to local control. It still needs to be that this Council makes those decisions about how the business runs.

Assistant City Manager Rodney Miller advised that Mr. Greer mentioned \$27 million dollars as an operation that Council is the board of. They also have \$110 million dollars of assets; facilities that are sitting there that need maintenance and repairs every single year. They have to figure the \$27 million, a basic corporation. We have \$110 million dollars in assets and the depreciation of the water plant and the sewer plant.

Mr. Greer advised they had just finished the study part of the systems development fee, and the entire system plant was pushing \$415 million dollars, which was the actual value of water and sewer lines and the plants, the whole thing. We are at \$400 million dollars in assets that City Council controls.

City Manager Warren Wood advised one of the things that Council would have to think about was what is the most effective way to advocate for ourselves? He asked Planning Manager Cal Overby to the podium.

Planning Manager Cal Overby advised this was something they had been following for the last year, it hadn't reared its head in Hickory but inevitably it would. There was a piece of legislation passed into law in 2017's session referred to as small cell wireless. Small cell wireless by definition is different than the 180 to 200 foot tall cell towers. These are basically small networks that are deployed typically in an urban area. They are mainly smaller apparatus that are designed to basically make an overarching wall Wi-Fi network for one area. Unlike the City's ability to regulate a local design, height, size and everything of the traditional telecommunications tower, the Bill actually strips all the City's ability to regulate these things whatsoever. In addition to that it allows them to put them in the City's public right of way without any regulation whatsoever. There were some stipulations placed upon this, the main thing was the maximum height of them was 60 feet in a commercial area. You could basically be driving down the road and there will be a 60 foot tall tower sitting beside of you on the street in the public right of way. It also allows these companies to submit these things in packages. They could submit two or three dozen of these things at a time, basically deploying an entire network. He referenced the previous discussion regarding the streetscape improvements with the mast arms. That would mean they could put these on top of those if they wanted to. They are allowed to put them on any publically owned utility pole. The City has the ability to come back to the organization and say okay you can do that but you have to do this amount of upgrades to it. They can always say we are going to put it 10 foot on the other side of it. This is not limited to the commercial areas, you can actually put these inside of residential neighborhoods. The limitation factor on that basically diminishes the height of the pole by 50 percent. You could put these things 30 foot tall in the public right of way. The City would have basically 45 days to comment on it. If the City doesn't comment by then it is an automatic approval.

City Attorney John Crone interjected he thought there would be some City comment on that.

Mr. Overby referenced a news article in the Charlotte Observer where there was a neighborhood outside of Lake Norman and one day one of these things was sitting in their yard. They are deploying these things throughout the State strategically. Probably one of the reasons that Hickory hasn't seen them is because our topography is a little weird and we really don't have the population density. But that is not to say that we are not going to get some. Say we build the City Walk. Everyone is going to have their phones outside. We would be crazy to think that one of these companies are not going to deploy something along the walkway there. Any improvements that are put along there, it may be right there on top of it. He advised Council should be mindful of this.

We haven't encountered it, but it is something that might not be overly popular for the constituents in the City of Hickory, especially for the Councilmembers. If they see something like this there is not a lot the City can do about it from a local standpoint.

City Manager Warren Wood commented this is crazy legislation that you can put a 60 foot pole basically anywhere along the road, or in what you think is your yard but is actually the right of way. Alderman Seaver asked what the average height was of a telephone pole.

Mr. Overby replied 35 to 40 feet tall.

Alderman Seaver responded twice the height.

Mr. Overby referred to a mast arm for a traffic signal. They are allowed to go 10 foot on top of that. Whatever that height is that could be your maximum. The one good thing about the Bill is most of the physical infrastructure for it needs to be underground, meaning the boxes, cabling and switch boxes. You are going to have this big goofy thing that is sitting there.

IT Manager Mike Woods mentioned that he had saw these in a residential neighborhood in Seattle. They had a pole about every 200 yards just stuck in the middle of people's front yard. They were about 60 foot tall.

Alderman Zagaroli asked who legislates this, is it our State Legislators.

Mr. Overby responded yes, it just came in. This Bill actually had passed in multiple States.

Deputy City Attorney Arnita Dula responded 15. The industry was lobbying for changes through the FCC that may take more than what limited control the City had. The FCC may put out some new regulations that would strip even more. They were lobbying in 15 States. When she went to a conference with municipal attorneys from all over the country someone mentioned a cell company and there was a collective sigh in the room. It is all over and the cell industry has been very successful in getting legislation passed in all of these States.

Alderman Seaver commented it sounds like soon we won't even need city councils.

Mr. Overby advised the City technically permits things that goes into the City owned rights of ways, but if it is on the DOT right of way it goes to the State. So that is a completely different standard, the State may just begin issuing permits. DOT has enough going on without worrying about permits for cell towers. He commented Council could see the implication moving forward. He wanted them to be mindful of this one because it had the ability to get unattractive throughout the City.

Ms. Dula mentioned that Mr. Overby had been very gracious in preparing a first draft of an ordinance, because the way the Bill is written it is convoluted and really difficult to understand. Ms. Dula was most appreciative for Mr. Overby's assistance.

Planning Director Brian Frazier advised they were looking at pursuing a strategic retraction of Hickory's extra territorial jurisdiction (ETJ). We have a Hickory Regional Planning Commission, a 12 member commission, six members from inside the City limits and six members outside; two from Caldwell County, and one from Brookford, one from Long View, and the one from Burke County had been vacant for years, and one from Caldwell County up by Northlakes. We have one of the longest, if not the longest serving Regional Planning Commissions in the State of North Carolina. The representative that serves as their Chairman happens to be from Long View. He was looking at things in downtown Hickory and Union Square. People find that is a little bit interesting but that is the nature of the ETJ. They were not looking to abolish the ETJ but to strategically reduce it. There are vast areas of the City that really lack any future development potential for us, that have a current lack of utilities, and that have issues with response times with police, fire and other emergency services. It is hard for him to send one zoning officer for 40,000 people for 29 and a half square miles all the way out to Old Shelby Road to pick up some illegal political signs. It is just not worth the squeeze. There are a lot of zoning enforcement issues and that gets involved with police code enforcement too, about what they are and are not allowed to do under State law through the ETJ police powers.

Alderwoman Patton asked if they had a map of the actual area.

Mr. Frazier responded no, but it would be so small they wouldn't be able to see it. There are areas well to the south, and to the west, and some to the far northeast. He advised they could get those to Council once they start taking a look at this. They would like to get Council's feel for this. He had talked with Alderwoman Patton since 2005 about the Regional Planning Commission. They had issues over the years with getting a quorum at times, and they had people making big decisions that were not City residents and have no real vested interest in there. Part of that was that older regional thinking for planning. There are positives and negatives to each. There are areas that are far outside what we could consider the normal City boundaries that we are not necessarily serving. For example there was a house at the beginning of Belle Meade Subdivision which is basically a junkyard. The guy used to work for Mountain View Recycling and he sells all kinds of interesting things, metal, wood products, and pieces of trucks, etc. Some of that is outside the purview of zoning enforcement where it would be the purview of HPD code enforcement, but it is in the ETJ so it is outside the purview of HPD code enforcement. They were all over this guy ten years ago and got him to cleanup and then two houses down the street there was a neighbor who had passed and they are not allowed to do anything at that house. You have people that are

paying County taxes and it is not the County, and then you get “Jungle Jane” citizen at command and they want you to do something, and we can’t because under State law this isn’t HPD code enforcement. Then they call planning and they tell them it is not the City’s issue. Then they call the County and they tell them to call the City. So by then the people are getting really angry and the City is getting those calls. They are taking a strategic look at what areas they need to focus on to strategically reduce the ETJ which of course would change the composition of the Hickory Regional Planning Commission which had been talked about for years and maybe it will be a priority then.

City Manager Warren Wood advised that Mr. Frazier would bring something back to City Council as far as a map.

Alderwoman Patton asked Mr. Frazier if he would then have a recommendation of which, not only the ETJ pieces of the goal, but also what positions on the board.

Mr. Frazier responded yes. He advised by State law the change would have to go to City Council for a Resolution and then to Raleigh to the General Assembly. The General Assembly was what created this animal good or bad in the first place.

Alderwoman Patton inquired if it would have to go through the Planning Commission.

Mr. Frazier advised he would bring it to them as a courtesy. He wasn’t aware of anything by State law that they would have to approve it.

City Manager Warren Wood thought that should be a slam dunk for the legislature because they are looking at regulatory authority away from the City.

Mr. Frazier referenced Southern Desk. He advised he would like to pursue increased regulations from DEQ in regards to demolitions and backfilling. He mentioned the Brownfield program had been pretty successful for the past 10 or 11 years and they would like it to continue that way. But one of the blips that is on their radar was, they finally dealt with the Southern Desk situation, after much effort from multiple departments, they finally got a contractor to demolish it. The contractor took some of it away, and took anything that was of worth or value for himself. Through the Bill in the General Assembly he decided that he could backfill the basement and sub-basement and any holes with what he demolished. They spent money on environment assessments to clean up a Brownfield, and not quite under our ownership but almost, and created a no. There was no measure for anybody from police or fire, or with expertise such as DEQ or EPA in D.C., or in the Atlanta office to review what went into that hole. They know there is at least lead based paint and asbestos. Who knows if there was any drums or barrels or anything in there? They City has owned that property now for over five years, and he didn’t think they had ever conducted a property assessment on it. It had never been put up for sale. There had been a few people look at it and then they find out that there is filth. It is a lot easier when you are demolishing a building to take it all away, instead of backfilling it and then dig it out of that foundation again. We sort of kicked ourselves in the foot on that one. There are opportunities to happen all over because of this legislation it makes it easy for the person who has been violating laws, and code enforcement, and building laws, to just dump the stuff back on their property and turn it over back to somebody else.

Assistant City Manager Rick Beasley referred to the skill games and asked if they were trying to write some legislation to limit those.

Mr. Frazier advised under the law if it is skill games his folks have to permit it, it is indoor amusement as an arcade, as long as it is skilled based and that the games are certified. His concern is if Chief Whisnant is making an effort, and the City Council and the Managers office wants him to go after these folks, he doesn’t want to be adding on to these things as he is going after these folks. He thought we were up to 18 and it is fluctuating up and down. They are in the process of updating the Land Development Code. It wouldn’t take much for Council’s consideration to add something to or revise the Land Development Code, which they could be restricted further and maybe almost treat them with a special use permit like an adult business and only allow them under certain strict conditions, maybe within an industrial district. That was something Council could consider.

Alderman Seaver asked if there was an age limit to get into those places.

Mr. Frazier wasn’t aware of one.

Mr. Overby was not sure they could do that. Because then it goes into the same court case where we would then have to do the same thing to Chucky Cheese.

Mr. Frazier replied maybe.

Mr. Overby advised that is what came out of the court cases with that earlier on. He heard they wanted to do that.

Mr. Frazier advised he talked to an attorney about it, so they would see. They would figure it out.

City Manager Warren Wood thanked everyone for their time. Staff would be getting back to Council on most of this. He asked for questions or comments.

March 15 - 16, 2018 – Special Meeting

Citizen Cliff Moone asked if it would be an immediate advantage to the City and City Council to have a citizen's advocacy committee of some kind to help with that. He asked if that was outside the purview.

City Manager Warren Wood mentioned they had one but it fizzled out. It wouldn't be republicans or democrats, these are local issues.

Alderman Seaver suggested writing letters, phone calls and emails to the Legislators.

Mr. Moone commented it means a lot if it comes from a bunch of citizens because they are the voters.

City Manager Warren Wood commented figuring out how we are going to advocate for ourselves needs to be something that we actually think about. We play defense all of the time in this stuff and we need to play offense. He asked if there was anything else from City Council.

IV. At approximately 12:09 p.m. the discussions concluded and the meeting was adjourned.

---

Mayor

---

City Clerk