

A Regular Meeting of the City Council of the City of Hickory was held in the Council Chamber of the Municipal Building on Tuesday, February 7, 2023 at 7:00 p.m., with the following members present:

Tony Wood	Hank Guess	VACANT
Charlotte C. Williams	Aldermen	David P. Zagaroli
Danny Seaver		Jill Patton

A quorum was present.

Also present were City Manager Warren Wood, Deputy City Manager Rodney Miller, Assistant City Manager Rick Beasley, Deputy City Attorney Arnita Dula, City Attorney John W. Crone, III, Deputy City Clerk Crystal B. Mundy and City Clerk Debbie D. Miller

- I. Mayor Guess called the meeting to order. All Council members were present.
- II. Invocation Reverend Michael Slaughter, Hickory Foundation Bible Church
- III. Pledge of Allegiance
- IV. Special Presentations
 - A. Presentation of the Distinguished Budget Award for the Fiscal Year Beginning July 1, 2022. This is the twenty-eight consecutive year the City has received this recognition – Presented to Budget Analyst Johnathan Rosales. Presentation of the Annual Comprehensive Financial Report Award. This is the twenty-sixth consecutive year the City has received this recognition – Presented to Finance Officer Melissa Miller.

Mayor Guess asked Budget Analyst Mr. Johnathan Rosales and Finance Officer Ms. Melissa Miller to the podium. He commented these two individuals and the staff that works with them were responsible for the City's annual budget around \$120 million dollars, with Deputy City Manager Rodney Miller's assistance of course, he oversees it as well. Their entire staff, throughout the year, all of that money filters, not the money itself, but probably the paperwork that the money was on, all filtered through their offices, and they end up signing their names on a lot of that stuff. It was quite the honor to have received the recognition of these two awards that he was presenting. The first one was a Resolution of the Hickory City Council honoring the Hickory budget office staff upon the receipt of the Distinguished Budget Presentation Award for the fiscal year beginning July 1, 2022. This was the 28th consecutive year that the City had received this award. That was quite an accomplishment. Mayor Guess read the Resolution.

RESOLUTION NO. 23-06
RESOLUTION OF THE HICKORY CITY COUNCIL
HONORING THE HICKORY BUDGET OFFICE STAFF
UPON RECEIPT OF THE DISTINGUISHED BUDGET PRESENTATION AWARD FOR
THE FISCAL YEAR BEGINNING JULY 1, 2022

WHEREAS, the Government Finance Officers Association of the United States and Canada has bestowed upon the City of Hickory's Budget Office the Distinguished Budget Presentation Award for the twenty-eighth consecutive year; and

WHEREAS, this award is the highest form of recognition in governmental budgeting, representing a significant achievement by the City of Hickory, and reflecting the commitment of the City Council and Staff to meeting the highest principles of governmental budgeting; and

WHEREAS, in order to receive this budget award, the City of Hickory Budget Office satisfied nationally recognized guidelines for effective budget presentation that are designed to assess how well a City's budget serves as a policy document, a financial plan, an operations guide, and a communications device.

NOW, THEREFORE, BE IT RESOLVED THAT the Hickory City Council hereby recognizes and honors the Budget Office Staff upon receipt of the DISTINGUISHED BUDGET PRESENTATION AWARD and its continuing efforts to improve the quality of budgeting and provide an excellent example for other governments throughout North America.

Mayor Guess presented the award to Budget Analyst Johnathan Rosales. The second recognition was a Comprehensive Financial Report Award. This was the 26th consecutive year that they City had received this award. He read the award. "The Government Finance Officers Association of the United States and Canada has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hickory for its annual comprehensive financial report for the fiscal year ending June 30, 2021. This certificate of achievement was the highest form of recognition in the area of governmental accounting and financial reporting and its attainment represents a significant accomplishment by the government and its management." He commented he did not need to tell them how important it was that the monies that were entrusted in this City, that was collected through the revenues, how important it was to have responsible

people who were looking after that. He commended them, staff, and the entire team for these recognitions. He presented the award to Finance Officer, Ms. Melissa Miller.

V. Persons Requesting to Be Heard

VI. Approval of Minutes

A. Regular Meeting of January 17, 2023.

Alderman Patton moved, seconded by Alderman Zagaroli that the Minutes of January 17, 2023 be approved. The motion carried unanimously.

VII. Reaffirmation and Ratification of Second Readings. Votes recorded on first reading will be reaffirmed and ratified on second reading unless Council Members change their votes and so indicate on second reading.

Alderman Seaver moved, seconded by Alderman Williams that the following be reaffirmed and ratified on second reading. The motion carried unanimously.

A. Budget Revision Number 14. (First Reading Vote: Unanimous)

VIII. Consent Agenda: All items below will be enacted by vote of City Council. There will be no separate discussion of these items unless a Council Member so requests. In which event, the item will be removed from the Consent Agenda and considered under Item IX.

Alderman Patton moved, seconded by Alderman Zagaroli approval of the Consent Agenda. The motion carried unanimously.

A. Approved the Purchase and Up-Fit of Ten Specialized Police Package Emergency Vehicles.

Hickory Police Department requests approval to purchase and up-fit ten specialized police package emergency vehicles. Hickory Police Department has funds budgeted in the 2022-2023 CIP for replacement and up-fitting of police vehicles. Hickory Police Department Staff and the City of Hickory Fleet Manager have researched and reviewed independent comparison studies comparing available police package vehicles. The 2023 Ford Police Interceptor Utility Hybrid all-wheel drive best fits the needs of the department based on a number of considerations. The Police Interceptor Utility has been the top choice of the Police Department for the past seven budget years. Parks Ford in Hendersonville, North Carolina currently has the North Carolina Sheriff's Association contract for the 2023 Ford Police Interceptor Utility Hybrid all-wheel drive with a base price of \$39,190.30. Parks Ford has partnered with Global Public Safety, LLC in Statesville, NC to provide the total "turnkey" up-fitting of these ten specialized police package emergency vehicles. Global Public Safety, LLC would install all of the specialized and emergency equipment. One of the ten specialized police package emergency vehicles will be a canine unit, which will require additional specialized up-fitting. Global Public Safety, LLC is a current vendor and has installed equipment into a number of Hickory Police vehicles in the past. The purchase price for nine patrol vehicles including the up-fitting is \$58,189.79 per vehicle, and one patrol canine unit vehicle, including up-fitting, \$62,698.37. Hickory Police Department recommends the purchase and up-fitting of ten total all-wheel drive 2023 Ford Police Interceptor Utility Hybrid vehicles from Parks Ford on the NC Sheriff's Association Contract. at a cost of \$58,189.79 per vehicle and one canine use patrol vehicle at a cost of \$62,698.37 for a total cost of \$586,406.48. Funds are budgeted in the FY 2022/2023 CIP.

B. Approved the North Carolina Department of Transportation Grant Agreement (WBS: 36237.66.9.1) for the Runway 24 EMAS (Engineered Material Arresting System) Project in the Amount of \$237,083.

Staff requests City Council's approval of the North Carolina Department of Transportation (NCDOT) Grant Agreement (WBS: 36237.66.9.1) for the Runway 24 EMAS (Engineered Material Arresting System) project in the amount of \$237,083. An EMAS system is used to slow/stop aircraft that may run off the end of the runway. This grant will fund a portion of the design and bidding phases being completed by Talbert, Bright, & Ellington, Inc. for the proposed EMAS. Due to local share requirements being different between yearly Non-Primary Entitlement (NPE) grants (i.e., 10% local match for FY 2019 and FY 2022, and 0% local match for FY 2020 and FY 2021), two separate grants are being established to fund the entire project. Funding for this grant will include a 90% FAA share (\$213,374) and a 10% Local share (\$23,709). This project will assist in the continued efforts to ensure the Hickory Regional Airport meets the current FAA regulations and is safe for those utilizing and operating at the facility. Staff recommends approval of the NCDOT Grant Agreement (WBS: 36237.66.9.1) for the Runway 24 EMAS project in the amount of \$237,083.

- C. Approved the North Carolina Department of Transportation Grant Agreement (WBSL 36237.66.9.2) for the Runway 24 EMAS (Engineered Material Arresting System) Project in the Amount of \$333,332.

Staff requests City Council's approval of the North Carolina Department of Transportation (NCDOT) Grant Agreement (WBS: 36237.66.9.2) for the Runway 24 EMAS (Engineered Material Arresting System) project in the amount of \$333,332. An EMAS system is used to slow/stop aircraft that may run off the end of the runway. This grant will fund a portion of the design and bidding phases being completed by Talbert, Bright, & Ellington, Inc. for the proposed EMAS (\$172,668.84 and the majority of the Non-Federal Reimbursable Agreement (\$146,165.16) previously approved by City Council. As noted at the time of approval for the Non-Federal Reimbursable Agreement, the City will be required to pay the remainder of the reimbursable agreement not covered by this grant (\$14,498) and will be reimbursed with an upcoming federally funded construction grant. Due to local share requirements being different between yearly Non-Primary Entitlement (NPE) grants (i.e., 10% local match for FY 2019 and FY 2022, and 0% local match for FY 2020 and FY 2021), two separate grants are being established to fund the entire project. Funding for this grant will include a 100% FAA share (\$333,332) and a 0% Local share. This project will assist in the continued efforts to ensure the Hickory Regional Airport meets the current FAA regulations and is safe for those utilizing and operating at the facility. Staff recommends approval of the NCDOT Grant Agreement (WBS: 36237.66.9.2) for the Runway 24 EMAS project in the amount of \$333,332.

- D. Approved the Work Authorization with Talbert, Bright & Ellington in the Amount of \$424,249.20 for the Design and Bidding of the Runway 24 EMAS (Engineered Material Arresting System) Project.

Staff requests City Council's approval of the Talbert, Bright & Ellington, Inc. (TBE) Work Authorization for the Runway 24 EMAS (Engineered Material Arresting System) (Design-Bidding) project in the amount of \$424,249.20. This project will include the design and bidding phases for the construction of the new EMAS. By email notification dated October 20, 2022, the North Carolina Division of Aviation completed the required Independent Fee Estimate (IFE) and found TBE's proposed fee to be reasonable per the Federal requirements. The next step is the approval of the Work Authorization by City Council. This project is being funded by Non-Primary Entitlement (NPE) funding (WBS: 36237.66.9.1 and 36237.66.9.2). This project will assist in the continued efforts to ensure the Hickory Regional Airport meets the current FAA regulations and is safe for those utilizing and operating at the facility. Staff recommends approval of the Work Authorization for the design and bidding of the Runway 24 EMAS project in the amount of \$424,249.20.

- E. Approved a Small Business Loan Agreement with Premier Screen Printing, Inc. in the Amount of \$20,000.

Staff requests approval of a small business loan for applicant Premier Screen Printing, Inc. In its 2020-2024 Consolidated Plan for Housing and Community Development, the City of Hickory identified increasing entrepreneurship opportunities as a high priority need. This includes a program of small business loans for businesses looking for funding to take their business to the next level and with the intent of creating jobs for low to moderate income persons. The Small Business Loan program offers loans of up to \$20,000 to business owners for business equipment. Applicants are required to submit a business plan and have a counseling session with a local business support organization and to create jobs for low to moderate income persons. Steve Shuford has applied for a Small Business Loan to support and enhance his business, Premier Screen Printing, Inc. His business has produced screen printed clothing and promotional projects for clients locally and across the Carolinas for 34 years. He is requesting a small business loan in the amount of \$20,000 to purchase an all-electric fully automatic screen-printing press with 10 stations and eight colors that will allow him to decrease his printing time and increase his overall output in order to grow his business and hire two full time employees. The Business Development Committee reviewed the application and recommends approval of the loan in the amount of \$20,000. Staff recommends City Council's approval of the Small Business Loan agreement with Premier Screen Printing, Inc.

- F. Approved on First Reading Budget Revision Number 15.

ORDINANCE NO. 23-04
BUDGET REVISION NUMBER 15

BE IT ORDAINED by the Governing Board of the City of Hickory that, pursuant to N.C. General Statutes 159.15 and 159.13.2, the following revision be made to the annual budget ordinance for the fiscal year ending June 30, 2023, and for the duration of the Project Ordinance noted herein.

SECTION 1. To amend the General Fund within the FY 2022-23 Budget Ordinance, the expenditures shall be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Public Safety	47,171	-
Culture & Recreation	392	-
Other Financing Uses	-	15,696
TOTAL	47,563	15,696

To provide funding for the above, the General Fund revenues will be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Miscellaneous	31,667	-
TOTAL	31,667	-

SECTION 2. To amend the Airport Fund within the FY 2022-23 Budget Ordinance the expenditures shall be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Other Financing Uses	23,709	-
TOTAL	23,709	-

To provide funding for the above, the Airport Fund revenues will be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Other Financing Sources	23,709	-
TOTAL	23,709	-

SECTION 3. To amend the Airport EMAS Project (#650033) Capital Project Ordinance, the expenditures shall be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
General Capital Projects	424,250	-
TOTAL	424,250	-

To provide funding for the above, the Airport EMAS Project (#650033) revenues will be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Restricted Intergovernmental	400,541	-
Other Financing Sources	23,709	-
TOTAL	424,250	-

SECTION 4. To amend the CVCC Innovation Center (#700014) Capital Project Ordinance, the expenditures shall be changed as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
General Government	700,000	-
TOTAL	700,000	-

To provide funding for the above, the CVCC Innovation Center (#700014) revenues will be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Restricted Intergovernmental	700,000	-
TOTAL	700,000	-

SECTION 5. To amend the Justice Assistance 2022 (#G51107) Capital Project Ordinance, the expenditures shall be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Public Safety	-	48,295
TOTAL	-	48,295

To provide funding for the above, the Justice Assistance 2022 (#G51107) revenues will be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Other Financing Sources	-	15,696
Restricted Intergovernmental	-	32,599
TOTAL	-	48,295

SECTION 6. Copies of the budget revision shall be furnished to the Clerk of the Governing Board, and to the City Manager (Budget Officer) and the Finance Officer for their direction.

IX. Items Removed from Consent Agenda – None

X. Informational Item

XI. New Business:

A. Public Hearings

1. Consideration of the Approval of the Execution and Delivery of the Contract for the Refinancing and Financing of the Hickory Metro Convention Center Renovations and Improvements – Presented by Deputy City Manager Rodney Miller.

Hickory City Council will hold a public hearing to consider authorizing the City to proceed with entering into an installment financing contract in a principal amount not to exceed \$15,365,000, under which the City will make certain installment payments to pay the costs of expansion, renovations, and improvements to the Hickory Metro Convention Center. If approved, the City will enter into a deed of trust and security agreement for the City's interest in the real property on which the Project will be located as required by the lender.

This public hearing was advertised in a newspaper having general circulation in the Hickory area on January 27, 2023.

City Manager Warren Wood advised the item for Council's consideration was the approval of the execution and delivery of the contract for refinancing and financing of the Hickory Metro Convention Center renovations and improvements. He asked Deputy City Manager and Chief Financial Officer Rodney Miller to the podium for the presentation.

Deputy City Manager Rodney Miller presented a PowerPoint. He advised they would be conducting the public hearing as part of the financing for the Convention Center that Council approved towards the end of last year. They might recall the contract they approved with Hickory Construction to do the 45,000 square foot expansion of the Convention Center. They also discussed the financing of that project up to \$15.3 million dollars. He advised they actually received bids from financing institutions to loan us the money to do the project. Ms. Mandy Pitts Hildebrand was in the audience, and she could certainly answer any questions related to the construction project if Council had any. He advised he would give Council a brief overview of the financing.

Deputy City Manager Rodney Miller advised they had hired a Financial Advisor FHN Municipal Advisors to help them with the process. The City received three financing proposals last week for the Convention Center expansion project. Truist Bank, Capital One Public Funding, and First Horizon Bank of Hickory all bid on that proposal. The security, the deed, and the responses were basically the same except Capital One Public Funding did not require a legal counsel fee, whereas the other two did. That fee was \$10,000 for legal counsel. He referred to the PowerPoint and noted the rates and the different provisions from each of the entities. Truist actually bid four different ways two on a 15-year note and two on a 20-year note. First Horizon actually gave a 15 and a 20-year rate. Capital One Public Funding only bid a 15-year rate. That was fairly common. Not all banks want to loan money more than 15-years in a municipal space, but they were certainly fortunate to receive two that offered a 20-year loan with Truist and First Horizon. He explained why that was important. Number one, the longer the term, the less the annual payments were of course. If a bank was willing to offer that term and the interest rate was good that helped with their annual debt payments. Number two, they asked because the expansion space was going to start later this year, obviously they would not be able to use that space until the facility was built. If they were looking at 18-months from now between when that facility was open, they were not going to have any revenues, so they had asked for interest only payments for the first two years. He was happy to report that the proposal did include that. That was what they asked for to try to make sure that the revenue, the additional revenues, as part of the expansion would be able to be used to help repay the debt. He discussed the Truist proposal. They offered two options. One was a par call, and one was a make whole call. Par call were most common. With this particular financing on a 20-year note, they offer a par call after 10-years. Basically, that gave them one shot 10-years from now if rates were significantly lower, they could refinance this loan into a better loan. Like a mortgage that they would have personally. As opposed to make whole call,

basically puts the bank on the hook that they could exercise that within two-day's notice to refinance that loan. There was a cost for doing that too. That was why make whole call provisions were typically not used and that was not his recommendation. Their recommendation was they have a 20-year offer from Truist that has a 10-year par call, a rate of 3.83 percent for 20-years. He was very pleased with the rate. The going rate was well over 4 percent he had expected, but there was a rationale behind that. The City was currently paying Truist on a note for the parking deck out there and the collateral associated with that loan was already in their name. That makes it much easier for them and they have obviously got an advantage over the other financing institutions. They offered that 20-year rate, it offered the lowest debt service that they would have over the next 20-years. The par call option again, gives them that one shot that in 10-years they could refund that note at par if they wanted. He referred to the PowerPoint and pointed out Truist the 20-year on the make whole call provision was 3.70 versus the par call 3.83. It was a little cheaper on the make whole call but that does not include the fees and the net present value that the bank was going to charge them. They are well in excess of that 13-basis point difference between 3.70 and 3.83. He referred to the PowerPoint and discussed what the payments looked like. He pointed out that beginning this fall would be their first interest only payment, and for the next three semi-annual payments those were only interest payments. He commented Mandy Hildebrand would be pleased to know that they really only have a \$395,000 payment two years and two months from now, which was much more palatable for the TDA to repay that debt through the occupancy tax revenues. He asked for questions. He asked Council to conduct the public hearing on that. He advised after the public hearing if it passed, they would still need Local Government Commission (LGC) approval. They would ask for that approval in March. They would meet the first Tuesday of March. Once they approve that, then they would be able to close on the loan sometime late March for the money.

Mayor Guess asked how long that 3.83 interest rate was available.

Deputy City Manager Rodney Miller advised until and through the LGC meeting in March. By mid to late March, they would hold the rate.

Alderman Wood asked Mr. Miller to clarify, even though the instruments were in the City's name, the debt was in the City's name, it was paid with pass through money for occupancy tax, correct?

Deputy City Manager Rodney Miller commented that was a good point. He should have mentioned that there were no property tax dollars in this refinancing. They were very fortunate here in Hickory with the Convention Center. The City would own the building and will of course own the debt as well, but the occupancy tax revenues provided by the facility would repay the debt and those revenues only.

Mayor Guess asked for any further questions. He thanked Mr. Miller. Mayor Guess explained the rules for conducting the public hearing. He declared the public hearing open and asked if there was anyone present to speak in opposition to the proposal. No one appeared. Mayor Guess asked if there was anyone present to speak in favor of the proposal. No one appeared. Mayor Guess closed the public hearing. He asked for a motion or discussion.

Alderman Zagaroli moved, seconded by Alderwoman Patton to accept the execution and delivery of the contract for refinancing with Truist. The motion carried unanimously.

Alderman Zagaroli asked when they would start construction.

Chief Executive Officer, Hickory Metro Convention Center & Visitors Bureau, Mandy Pitts Hildebrand advised May 1, 2023.

Alderman Zagaroli asked if there would be approximately 18-months for completion.

Chief Executive Officer Mandy Hildebrand advised the predicted date was May 1, 2023, and there was a possibility that it could be done by April or May of 2024. They may have to give or take three to four months. She asked for any further questions.

Mayor Guess thanked Ms. Hildebrand.

B. Departmental Reports:

1. Second Quarter Financial Report – Presented by Deputy City Manager Rodney Miller.

City Manager Warren Wood asked Deputy City Manager and Chief Financial Officer Rodney Miller to the podium to present Council with the second quarter financial report.

Deputy City Manager Rodney Miller presented a PowerPoint presentation. He discussed the second quarter financial report for fiscal year 22-23. He mentioned the 2022 audit would be presented at Council's next meeting. They were a little later than they were last year due to numerous reasons, but they could expect to see that audit for 2022. That was why the 2021 award that they just awarded Ms. Miller was from 2021, not 2022. They were certainly sending that audit in and hoped to get the award for the 27th year for that one as well.

Deputy City Manager Rodney Miller discussed the General Fund, the main operating fund of the City. For December 31, 2022, the City's total revenues were a little over \$40.5 million dollars received. The bulk of the City's property taxes come in the November/December timeframe. The City's annual budget was sitting at \$72.2 million dollars at the end of the calendar year. Compared to last year they were slightly up, almost \$2 million dollars compared to last year in revenues. On the expenditure side, they were at almost \$39.6 million dollars in expenditures. This compared to \$36.2 last year. The primary reason for that was in this fiscal year they paid for the 2021 general obligation bonds. They issued three separate issues of general obligation bonds and in this fiscal year they were now making the first payment on that third bond issue. That was why their revenues over expenditures through December, a little over a million dollars ahead, compared to \$2.4 million dollars the prior year.

Deputy City Manager Rodney Miller discussed the City's major source of revenue via the property tax. He referred to the PowerPoint and displayed a chart. He noted the 13.19% and the 12.01% were the result of a property tax increase. That was the six cents, the four cents, and the two cents that they increased the tax rate to pay for the bonds that he mentioned previously. That was not a real number. They had to take those property tax increases out to arrive at a normal growth. The normal growth there, in 2021 was about 5% were received from 21 to 20. In 2023 they would see a red number and he advised them to not get alarmed. He looked at this. It was somewhat unusual. This was timing. He mentioned people pay their property taxes, of course they pay Catawba County, Burke County, and Caldwell County because Hickory was in all three counties. Those revenues would come in as people pay those. It was a little unusual for him to see a decrease, so he looked at that and ironically, in January, they had \$7 million dollars come in. He was reporting through December 31st. At this point in time, they were lower than they were last December, however, they had quite a bit of revenue coming in January. Through January they were still about a half a million dollars where they were through January last year. That was a timing issue. They have budgeted revenues of about \$34 million dollars in property tax.

Deputy City Manager Rodney Miller discussed the sales tax side. They still saw some growth in sales tax. Certainly, with inflation being as high as it was this past year, a lot of this was due to inflation, but certainly they were still seeing folks spend money in Hickory and they were generating obviously sales tax revenues as a result of that spend. As a reminder, this was only five months, this was through November. He did not have December revenues yet. He was keeping an eye on that, he advised they tapered off a little bit in November from the first four months, but it was still a significant increase from the year before at this point. He would be keeping a close eye on December and January to see if those decreases occurred.

Deputy City Manager Rodney Miller discussed the water and sewer fund, the City's second largest fund. There were no property tax dollars in here. Those were all generated by user fees. They have a \$45.1 million dollar budget through December. They collected \$15.4 million dollars compared to \$15.1 million dollars the prior year. They had spent \$18.3 million dollars compared to \$15.2 million dollars the prior year. There was a good explanation for that as well, ironically, they had spent about \$3 million dollars for the new biosolids facility that they were doing off of Sandy Ford Road there at the Henry Fork Sewer Plant. They have to spend that money out of water and sewer fund balance and then they get reimbursed through that loan that they have. They spend all the money and then they would get \$34 million dollars total from the loan from the State at .1%. Revenues through December showed that expenditures were over their revenues of \$2.8 million dollars through December.

Deputy City Manager Rodney Miller discussed building permit activity which remained strong. He referred to residential numbers on the PowerPoint and pointed out the number was 237 higher than the year before. Commercial numbers again higher than the year before. The value was very impressive. They have almost \$150 million dollars through December. That was six months-worth this fiscal year. Last year they had \$102 million dollars at this time. He advised they were up a little over 44% in value and permits. He referred to the PowerPoint and advised the lion's share of these first two columns, these were residential projects, he thought there was 18 on there that were currently under construction. As they had talked about growing population and growing housing certainly these projects were indicative of a growing residential market increase. He referred to the PowerPoint and noted the commercial properties that had been under construction. He referred to Cowa Sake and Frothy Rooster which he was told any week now those would be open. They would be able to frequent those. They also had on the list, The Falls at Hickory residential project. He did not want to leave that off, some Councilmembers had received some calls on that. And the Premier Music Venue which was along 11th Street, which was between City Walk and Aviation Walk, was moving on. Another one that they would see was Romeo & Brewliet located on Highway 127 which was also another interesting project. That remains strong. He advised they were hearing some changes from developers delaying projects as a result of a potential recession. Primarily those were developers that have multiple projects that they were planning. Instead of doing three projects, they were only doing one or two. They were keeping an eye on that to make sure hey, are folks really starting to pull back their spending or are they continuing to spend. He referred to the PowerPoint and displayed the projects which were all currently under construction.

Deputy City Manager Rodney Miller discussed some challenges. Obviously, there were some economic challenges on the national level. The Federal Reserve raised rates again about 50 basis points in December, 25 basis points in January. They were concerned about inflation still running rampant. US job growth has declined. He referred to the PowerPoint and pointed out the numbers were 261,000 in October, 223,000 in December. That keeps a tight labor market which certainly keeps them busy in trying to find quality labor and keep labor here at the City. The fourth quarter GDP was 2.9% down from 3.2% in the third quarter. He referred to the PowerPoint and noted the CPI (Consumer Price Index) numbers which increased 6.5% from December year over year. That was down from 7.1%, but still it did not feel like it; 6.5% was just not something that they want to maintain. The core CPI, pulling out food and energy, was still 5.7%. He advised they were hearing supply chains were improving. But look at the orders in December, new orders nationwide fell to their lowest levels since May of 2020. Companies were stopping or slowing their orders. It was a mixed bag. Every week they get good news and bad news, they just do not know when it was going to end. The bottom line, based on those numbers and the January jobs numbers they were over a half a million jobs, so it just does not make sense. But the Feds were not going to stop taking their foot off the gas and really applying the brake pedal.

Deputy City Manager Rodney Miller discussed the investment report with yields increasing. They were certainly happy and pleased to report they had averaged about 1.85% on their investments through December. That was interest income of about \$900,000 they had achieved in six months. He pointed out the breakdown between the securities that they have funds invested in, a total of about \$108 million dollars. He pointed out on the PowerPoint that in December they had about \$4.2 million dollars in American Rescue Plan funds remaining. The first half had been spent. The second half had not been spent as of December. But in January they allocated those funds. He asked for questions.

Alderman Wood referred to the revaluation notices which were hitting the mailboxes and it was related but unrelated to this presentation. He asked Mr. Miller if he would explain briefly how revaluation numbers translated into City taxes for the residents of Hickory. He noted there was a high level of anxiety.

Alderwoman Williams asked Mr. Miller to explain the jurisdictions. She had already received some comments that the City was raising their property taxes. She asked if he could go through where the City comes in and the County's jurisdiction over it.

Deputy City Manager Rodney Miller advised State law puts the onus on counties in North Carolina. There were 100 counties in North Carolina and every county in North Carolina has to revalue their real property, that was their home and their land. They have to revalue that property every eight years by State law, no exception. Most counties operate on a four-year evaluation cycle. Catawba and

Burke were two of those counties which Hickory was in. Both Catawba and Burke have revaluation of January 1st of this year (2023). What that meant was they started two years ago, generally, and they would check sales of homes in their county, and they would track those and do what was called a schedule of values. He noted his dad was a Tax Administrator for 30 some years. They adopt a schedule of values based on all the sales that have occurred. Sales of homes in Catawba County had significantly increased in price. Based on that schedule, they would look at a home and compare homes that had sold comparatively. Based on those schedule of values, they would then reassess every single real property in Catawba County on January 1, 2023. What they all had received was that value that they had determined, based on the schedule of values for all the real property in Catawba County. They had given them those notices. They all have the appeal process, and they would tell them that. They could appeal those values with Catawba County. There was a process, and a calendar. It ultimately ends up with the Board of Equalization and Review, which was a separate nonpartisan nonprofit board that was established to review those cases that get that far. Basically, Catawba County will defend and or justify how they came up with those values. Those values do not pertain necessarily to Hickory or Longview, but it was all county property. If they live in the city limits of Hickory, they actually pay an additional tax. They pay a county tax for the whole county and then whatever municipality they live in they would pay city tax. They had not set a tax rate for July 1st of next year. These values would be determined, vetted, and appealed between now and April and the county would decide on this as the final assessed value for Catawba County and that was what that would then be billed to Catawba County residents in July. For Hickory, City of Hickory staff has to determine what those values were and how much those real property values were going to increase. They had a little over a \$5 billion dollar tax base. Was that going to be a \$7 billion, \$8 billion dollar tax base? What was their tax base? Because that tax base when you apply a tax rate to it, it generates property tax revenue. Today's \$5 billion dollar tax base and 62 cent tax rate generates the property tax revenue he just showed them of \$34 million dollars on the PowerPoint slide. If now the value goes up, City Council would decide per a recommendation by City Manager Warren Wood, of here is what they were recommending the tax rate for next fiscal year based on all the priorities and needs they have next year. When they determine their tax base, they have to take real property, home and land, personal property, boats, equipment, trailers, motor vehicles, and public utilities, Duke Energy, the Central Telephone, Piedmont Natural Gas, those were assessed by the State. The county does not even assess those. All those components come together to determine how much of their \$5 to \$6 billion dollar tax base the City of Hickory has. And then they would determine and recommend a tax rate to Council to adopt for July 1st.

Alderman Wood asked for clarification. If he gets his revaluation notice and he applies the current tax rate, that was a faulty calculation by definition, correct? To project his taxes for next year.

Deputy City Manager Rodney Miller advised yes, but there were two components to that value too. He would pay a county tax and a city tax based on the value that he received in the mail.

City Manager Warren Wood commented they would recommend a new property tax rate and the calculation that people were doing was not correct.

Alderman Wood commented that was the mistake right now. They were using the same tax rate to the new valuation.

City Manager Warren Wood advised they would not even make a recommendation until they have all the numbers, and they would have a conversation about this at their April Council/Staff retreat.

Alderman Wood thanked staff for doing that. He appreciated that. It came out of left field he knew based on this, but it was important, and it was on people's minds right now.

Mayor Guess commented Mr. Miller explained it very well.

Alderwoman Patton commented it was on people's minds and she thought the County had done a good job of putting out how they would object to what their values were. They could go on their website and see how to do that and how they came up with those values. She gave them credit there.

Deputy City Manager Rodney Miller noted it was a scientific process. The schedule of values actually shows your neighbor's homes that sold, it was in the

neighborhood. It was whether it was on the lake, it was whether it was in the part of the City, there were so many factors, and all goes into this pot and then it spits it out of the pot, and this is what the value was. They could make a mistake. What happened previously, they probably had the greatest number of sales this time then the last couple of revaluations, in the 2015 revaluation there were hardly any sales. People were not buying and selling. It was right for adjustments because they did not have a lot of data in there to see what a 2,000 square foot, three bedroom, two bath house sold for, because the more you have those the better those values were, and they had a lot of those in the last couple of years. Again, they would be able to argue defend or give explanations on where those values came from. They do not do any of that.

City Manager Warren Wood commented in closing on that, if they go to Catawba County GIS and click on the parcel, there was a comp report, they could click on and they could see the other properties on the residential side. Obviously, there was also industrial and commercial, but they would give them an idea of other properties that they looked at in considering the new values.

Alderman Seaver commented if those values were figured, like were given out in January, by the time in July what if that home value went down.

City Manager Warren Wood advised they would have that value for four years.

Deputy City Manager Rodney Miller commented that was also by State law, they cannot change real property values until the next revaluation.

City Manager Warren Wood advised since he had worked for the City, they had two revaluations where their property values went down. That would not be the case this time around.

Alderman Seaver commented that may not have gone up as much by the time it settles. He asked when it was final.

Deputy City Manager Rodney Miller advised April.

Alderman Seaver referred to a program for citizens that were over 65, or a veteran and disabled to lower your property taxes.

Deputy City Manager Rodney Miller advised it was called the homestead exemption, 50% of your value and there was an income threshold for that the folks could apply for.

Alderman Seaver thought it was \$33,800 something.

City Manager Warren Wood recommended people call the County Manager and ask all these questions.

Alderman Seaver advised the tax office was very good at explaining it to him.

Mayor Guess asked for any questions concerning the financial report.

2. Ward 4 Vacancy Appointment

Mayor Guess moved, seconded by Alderman Wood the appointment of Mr. Anthony Freeman to fill the unexpired term of Alderman David Williams in Ward 4.

Mayor Guess opened the floor for any discussion. He commented they had six applicants that Council interviewed last night, and Council appreciated the interest from those six applicants and the community that showed up and was involved in that process. This appointment was dictated by General Statute that the Council was responsible for making an appointment should any Council person not be able to fulfill their term. In this case, Alderman Williams announced the first of the year that he would be unable to fulfill his term based on the fact that he was moving. He has in fact moved from Ward 4 and from the Hickory City limits. He advised there was a motion and a second. He asked if there was addition discussion. There would be a general election in November of this year (2023). At that time the general public would decide if Mr. Freeman would remain on the Council in Ward 4 or if that was a different person. He commended those that applied, and those that showed an interest, and put forth a lot of work to be able to present last night at Council's special called meeting. He asked for any comments.

Alderman Patton encouraged everyone that did apply to stay involved. It was nice to see that many applicants and they did a very good job. She hoped that they would stay involved.

Alderman Williams commented it was actually not an easy decision. They had some very qualified people. People that they knew and had worked with and that speaks a lot to the City. Six people wanting to throw their hat in. She piggybacked on what Alderman Patton said that they have so many needs, so many opportunities to serve, they were hoping everybody steps up.

Mayor Guess reiterated Mr. Sam Hunt was in the audience tonight, and he was one of those that applied. There were five others. It was really difficult. He knew each of the six applicants, and he was sure most of the folks on Council knew all of the applicants. They very much appreciated them putting their name out there and they encouraged them and would continue to encourage them as they have all served the community in some capacity very well. He could not tell them how hard of a decision this was. The population, the citizens of Hickory would have an opportunity in November to vote, so obviously they encouraged them to do that also. He asked of any other comments.

Alderman Seaver appreciated that many people throwing their hat in the ring, so to speak, to take this position. Even if it was only for a few months until the election. They would get an election there and then two years later they would have to run again to get back on the regular schedule. They would get a good taste of elections in the next couple of years.

Mayor Guess commented that was correct. He asked for any other comments. Any other discussion? He reiterated there was a motion and a second. The motion carried unanimously.

3. Appointments to Boards and Commissions

COMMUNITY APPEARANCE COMMISSION

(Terms Expiring 6-30; 3-Year Terms) (Appointed by City Council)
At-Large (Outside City but within HRP) (Council Appoints) VACANT

COMMUNITY RELATIONS COUNCIL

(Terms Expiring 6-30; 3-Year Terms) (Appointed by City Council)
Other Minority (Council Appoints) VACANT
Other Minority (Council Appoints) VACANT
Other Minority (Council Appoints) VACANT

HICKORY REGIONAL PLANNING COMMISSION

(Term Expiring 6-30; 3-Year Terms With Unlimited Appointments) (Appointed by City Council)
Burke County Representative (Mayor Appoints with Recommendation from Burke County) Robert Weaver Resigned 9-26-2022 VACANT

PUBLIC ART COMMISSION

(Terms Expiring 6-30; 3-Year Terms) (Appointed by City Council)
Ward 4 (D. Williams Appoints) VACANT
Ward 5 (Zagaroli Appoints) Megan Carfagno Resigned 1-4-2023 VACANT

Alderman Zagaroli Nominated Brittany Marinelli as Ward 5 Representative on the Public Art Commission.

RECYCLING ADVISORY BOARD

(Terms Expiring 6-30; 3-Year Terms) (Appointed by City Council)
Ward 6 (Patton Appoints) VACANT

WESTERN PIEDMONT COUNCIL OF GOVERNMENTS POLICY BOARD DELEGATE

Nominate Alternate to Replace Alderman Williams

Alderman Patton Nominated Alderman Williams as the Alternate Delegate on the Western Piedmont Council of Governments Policy Board.

WESTERN PIEDMONT SISTER CITY ASSOCIATION

(2-Year Terms with 3-Term Limit) (Appointed by City Council)

Two Representatives for City of Hickory

Currently Alderman Seaver and Christoph Klingspor serve as Representatives for Hickory

Mayor Guess Nominated Alderman Seaver and Christoph Klingspor for reappointment as the Representatives for Hickory on the Western Piedmont Sister City Association.

Mayor Guess moved seconded by Alderwoman Patton approval of the above nominations. The motion carried unanimously.

C. Presentation of Petitions and Requests

XII. Matters Not on Agenda (requires majority vote of Council to consider)

Alderman Seaver mentioned the Western Piedmont Sister Cities Association had a meeting February 9th. He advised any of the Council members could come. It would be at 10:00 a.m. Their Sister City Association Sisters in Altenberger Land in Germany would be on Webex for that meeting. It would be planning things in conjunction with the German Sisters, Sister City people, to celebrate the 30th Anniversary coming up March 24, 2023. They were going to try to have something at City Hall, somewhere to bury a time capsule to be opened 30 more years later. He did not know if anybody on Council would still be here.

Mayor Guess commented if they could remember where they buried it.

Alderman Seaver advised he was putting Alderman Zagaroli first on the list.

Mayor Guess commented they should write him a note so they would know where they buried it.

Alderman Seaver commented the big thing was Thursday, February 9th, at the COG (Council of Governments), for that meeting. He thought Mayor Holleman from Taylorsville and the Mayor from Morganton would be there. Hopefully they would have some Council members.

XIII. General Comments by Members of Council, City Manager or City Attorney of a Non-Business Nature

Mayor Guess mentioned the Community Appearance Commission met at 6:00 p.m., prior to the City Council meeting and Mr. Cliff Moone, Chairs that Commission, and they awarded six awards, to different individuals related to beautification, community appearance, and littering. The City's liaison Cal Overby was present. He recognized those folks and once again, thanked them for their service and for helping out to make our City look a lot more presentable.

Mayor Guess recognized the Elks Lodge who presented, this week, the 2022 Firefighter and Police Officer of the Year. Senior Firefighter Russell Kruse was presented with the Firefighter of the Year and Master Police Officer Chris Berry was the Police Officer of the Year for the Elks Lodge. He extended congratulations to both of those folks as well.

City Manager Warren Wood recognized Chief Baer. For his first day, he called him and said, "I just wanted to let you know I showed up for work". City Manager Warren Wood told him that was a good start.

Mayor Guess advised they were going to have a swearing in for Chief Baer very shortly. There would be more information to come on that. He was officially Chief, but they were going to do an official swearing in on February 17, 2023. They were looking forward to that as well.

Alderman Wood had received a few calls about the helicopters flying near Frye Regional in his neighborhood. It had been publicized a little bit, but Frye Regional had opened two helipads and he knew he was happy to have them there if he needs that service, but it had been impressive watching them practice land on the helipads. He could see it from his house and they had been watching them, but some people have wondered why they were flying so low.

Mayor Guess advised he was there for the ribbon cutting and there were some questions about how they reinforced that. He shared what he learned. Before there were up to like 200 cars that could have been parked on that upper parking deck and now that whole upper parking deck was restricted and was only used for the helicopter. The weight of the helicopter or even if there was two of them up there at the same time was nowhere near what 200 vehicles would be. If they looked at it from that perspective, it was a lot easier to understand and that was the question that he got. So maybe that helped clarify it for some other folks.

XIV. There being no further business, the meeting adjourned at 7:52 p.m.

Mayor

City Clerk