



# **Minutes of the Roanoke Rapids City Council**

A regular meeting of the City Council of the City of Roanoke Rapids was held on **Tuesday, March 17, 2020 at 5:15 p.m.** in the Council Chambers at the Lloyd Andrews City Meeting Hall

**Present:** Emery G. Doughtie, Mayor  
Carl Ferebee, Mayor Pro Tem  
Ernest C. Bobbitt)  
Sandra Bryant  
Suetta S. Scarbrough)  
Wayne Smith)

## **Council Members**

Joseph Scherer, MPA, MS, City Manager  
Geoffrey Davis, City Attorney  
Traci Storey, City Clerk  
Leigh Etheridge, Finance Director  
Jamie Hardy, Captain/Acting Police Chief

**Absent:** Kathy Kearney, Deputy City Clerk/Human Resources Manager  
Bobby Martin, Police Chief  
Kelly Lasky, Planning & Development Director  
John Simeon, Parks & Recreation Director  
Larry Chalker, Public Works Director  
Jason Patrick, Fire Chief  
Christina Caudle, Main Street Director

Mayor Doughtie called the meeting to order and opened the meeting with prayer.

## **Adoption of Business Agenda**

Mayor Doughtie asked Council members if there were any additions, corrections or any known conflicts of interest with respect to the matters before them this evening. There being no conflicts, a motion was made by Mayor Pro Tem Ferebee, seconded by Councilman Bobbitt and unanimously carried to adopt the business agenda as presented.

## **Approval of City Council Minutes**

Motion was made by Councilwoman Scarbrough, seconded by Mayor Pro Tem Ferebee and unanimously carried to approve the February 18, 2020 Regular City Council Meeting Minutes as submitted.

**New Business**

**Consideration of Resolution to Adopt a Supplemental Order Amending the Bond Order Under the Series 2017B Bond**

Finance Director Etheridge presented Resolution No. 2020.02 to adopt a Supplemental Order Amending the Bond Order Under the Series 2017B Bond.

**RESOLUTION NO. 2020.02**

**SUPPLEMENTAL ORDER AMENDING THE BOND ORDER OF THE CITY  
ADOPTED APRIL 18, 2017 AUTHORIZING THE ISSUANCE OF PROJECT  
DEVELOPMENT REFUNDING BONDS BY THE CITY**

WHEREAS, on April 18, 2017 the City Council (the “City Council”) of the City of Roanoke Rapids, North Carolina (the “City”), pursuant to the North Carolina Project Development Financing Act, Article 6 of Chapter 159 of the North Carolina General Statutes, as amended, adopted a bond order (the “Bond Order”) providing, among other things, for the issuance of Special Revenue Refunding Bonds of the City for the purposes described therein;

WHEREAS, on May 10, 2017 the City issued its Music and Entertainment District Special Revenue Bond, Series 2017A (Tax-Exempt Interest) (the “Series 2017A Bond”) and its Music and Entertainment District Special Revenue Bond, Series 2017B (Taxable Interest) (the “Series 2017B Bond”) pursuant to the Bond Order;

WHEREAS, the Bond Order, as amended, currently provides that the Series 2017B Bond bear interest at a variable interest rate and further provides for an extended maturity date for the Series 2017B Bond of May 1, 2022, with semiannual principal installments prior to such date commencing May 1, 2020;

WHEREAS, Section 202(c) of the Bond Order provides that the City and the Holder of the Series 2017B Bond may from time to time, subject to the approval of the Local Government Commission, enter into arrangements for the adoption of a Supplemental Order thereto that extends the maturity date and payment provisions of the Series 2017B Bond to such terms as the City and the Holder (with the approval of the Local Government Commission) may mutually agree upon, and the City and Bank of America, N.A. (the “Bank”) the sole Holder of the Series 2017B Bond, desire that the City adopt this Supplemental Order to provide that the Series 2017B Bond shall bear interest at a fixed interest rate and that the principal of and interest on the Series 2017B Bond shall be payable in equal quarterly installments commencing August 1, 2020, with a final payment on May 1, 2032, and that, in connection with such amendment the terms of prepayment of the Series 2017B Bonds be amended and restated as provided below; and

WHEREAS, in connection with the issuance of the Series 2017B Bond and the purchase thereof by the Bank, the City and the Bank entered into a Bond Purchase and Covenant Agreement dated as of May 8, 2017 (the “Agreement”) setting forth additional understandings between the City and the Bank, an in connection with the amendment of the Bond Order and the Series 2017B Bond as provided herein, the City and the Bank have determined to amend the Agreement pursuant to the Amendment to Bond Purchase and Covenant Agreement in substantially the form presented to the City Council:

NOW, THEREFORE, BE IT ORDERED by the City Council as follows:

Section 1. The Bond Order is hereby amended as follows:

(a) Section 202(c) of the Bond Order is hereby amended to insert the following as a new fourth paragraph:

Pursuant to the preceding paragraph, the City and the Holder of the Series 2017B Bond have mutually agreed that (i) no principal shall be due and payable on the Series 2017B Bond on May 1, 2020, (ii) commencing on a date determined by the City Manager, which date shall be on or before May 1, 2020 (the "Interest Rate Effective Date"), the Series 2017B Bond shall bear interest at a fixed rate of interest to be determined as provided below, such rate not to exceed 5%, (iii) the Series 2017B Bond shall be payable in approximately equal quarterly installments of principal and interest, payable on the first day of each February, May, August and November, commencing August 1, 2020, with a final maturity and payment date of May 1, 2032.

The interest rate on the Series 2017B Bond shall be a fixed rate determined by the City Manager on the second business day preceding the Interest Rate Effective Date. The interest rate shall be determined in consultation with the Local Government Commission and the financial advisor to the City. Upon the determination of the interest rate on the Series 2017B Bond, the remaining payments of principal and interest on the Series 2017B Bonds shall be established as described above, and an amended and restated Series 2017B Bond shall be delivered to Bank of America, N.A., the holder of the Series 2017B Bond, in exchange for the current Bond. A schedule showing the scheduled payments of principal of and interest on the Series 2017B Bond shall be attached to the amended and restated Bond.

(b) Section 301(c) of the Bond Order is hereby amended by replacing subsection (c) with the following provision:

The Series 2017B Bond may be prepaid by the City, in whole or in part, on any day on or after one year following the Interest Rate Effective Date, with 10 days' prior written notice to the holder of the Series 2017B Bond, at a prepayment price of the amount to be prepaid, plus accrued and unpaid interest, and without any prepayment penalty or premium. In the event the prepayment is in part, the amount prepaid shall be applied to the principal installments due on the Series 2017B Bond in the inverse order of the principal installments. Upon such event, the payment schedule of the Series 2017B Bond shall be revised to reflect the new payment schedule and shall be delivered to the holder of the Series 2017B Bond.

In addition, the Series 2017B Bond may be prepaid, in whole or in part, during the period prior to one year following the Interest Rate Effective Date, with 10 days' prior written notice to the holder of the Series 2017B Bond, at a prepayment price of the amount to the principal amount of the Series 2017B Bond being prepaid, plus accrued interest to prepayment, plus the "Make Whole Prepayment Fee," calculated as described below.

The Make Whole Prepayment Fee will be equal to the present value, discounted by the Reinvestment Rate described below, of the difference, if positive, between:

(i) the sum of the interest payments that would have accrued on each prepaid installment of principal at a fixed interest rate for such installment equal to the fixed rate on the Series 2017B Bond as described above, as if the prepayment had not been made, less

(ii) the sum of the interest payments that would have accrued on each prepaid installment of principal at a fixed interest rate for such installment equal to the Reinvestment Rate, as if the prepayment had not been made.

The following definitions will apply to the calculation of the prepayment fee:

(i) "Reinvestment Rate" means with respect to each prepaid installment of principal, the Swap Rate on the date the prepayment fee is calculated by the Holder of the Series 2017B Bond for a term corresponding to the period of time remaining until such principal installment was scheduled to be paid, interpolated on a linear basis, if necessary, and

(ii) "Swap Rate" means, as of any date, the offered U.S. Dollar interest rate swap rate that a fixed rate receiver would receive in return for paying a floating rate equal to the three month Libor (or a comparable or successor rate that is approved by the Holder of the Series 2017B Bond) determined by the Holder of the Series 2017B Bond on such date by reference to the Bloomberg service or such other similar data source then used by the Holder of the Series 2017B Bond for determining such rate.

Section 2. The Mayor and the City Manager are each hereby authorized and directed to deliver to the Bank the amended and restated Series 2017B Bond to replace the current Series 2017B Bond, with such amended and restated Series 2017B Bond containing the provisions regarding the interest rate, payment dates, maturity date and redemption provisions set forth herein. The City Clerk is hereby authorized to affix the official seal of the City thereto and to attest the same.

Section 3. The City Council hereby approves the Amendment to Bond Purchase and Covenant Agreement in substantially the form presented at this meeting. The Mayor and the City Manager are each hereby authorized and directed to execute and deliver to the Bank the Amendment to Bond Purchase and Covenant Agreement in substantially the form so approved, with any changes that such persons, with the advice of counsel, believe appropriate. The City Clerk is hereby authorized to affix the official seal of the City thereto and to attest the same.

Section 4. The North Carolina Local Government Commission is hereby requested to approve the amendment to the Bond Order and Series 2017B Bond and the Amendment to Bond Purchase and Covenant as provided above.

Section 5. This amendment to the Bond Order and the Series 2017B Bond shall become effective upon the approval by the North Carolina Local Government Commission of the amendments provided hereby and the receipt of the consent of the holder of the Series 2017B Bond to such amendments.

PASSED AND ADOPTED this 17th day of March, 2020.

---

Emery G. Doughtie, Mayor

Finance Director Etheridge stated this is regulatory language any time the 2017 instruments have to be modified. This is the standard language the Bank of America and bond attorneys have to have. This bond modification seeks to modify terms of the 2017B Music and Entertainment Special Revenue Bond that it has with Bank of America. This modification would offer the City of Roanoke Rapids a lower fixed interest rate instead of a variable interest rate and a longer term to pay off the bond balance. This change is paramount in helping the City with our budget planning and forecasting. This bond amendment also provides the City better terms for pre-payment options and known costs in identification in just one year. In no way does this increase the bond principal amount at the present time. This bond modification offers the City a lower fixed rate and a longer term to pay the balance.

She asked for the City Council to consider approving Option 3 (Page 2) in the Davenport packet which is a fixed rate modification loan with a one year par call. The interest rate will not be determined until it is approved by the Local Government Commission. At that point they will lock in the interest rate based on market rates on April 6, 2020.

City Manager Scherer asked Finance Director Etheridge to explain what a par call is to everyone. She explained that a one year par call means in the event the City were to receive any special funding or assistance with paying the note, we can pay to the bond after one year without any pre-payment penalties. If the City were to receive assistance within a year, we can look at other measures such as trying to escrow the funds until that time so there would be no penalties on paying the large sum of this loan off at a later time.

Mayor Pro Tem Ferebee asked what was the current interest rate and term. Finance Director Etheridge replied currently the interest rate is 2.98% on the 2017B loan. The City is currently in a term out provision which is why this is extremely critical that the City looks at restructuring and modifying the present term. When the City was under the impression we would have funding to pay the 2017B loan off from a prospective buyer, we had through 2019 to do so. The document now has the terms of the bonds to where we pay the \$3M balance in six (6) bi-annual installments of \$600,000 twice a year.

Mayor Doughtie asked what was the first payment. She replied it is \$604,000 and it is due May 1, 2020. He said so that is in this year's budget that we don't have any allocated funds. Finance Director Etheridge agreed.

Councilman Smith said it was his understanding that there would not be any additional fees added to this bond other than the possibility of some attorney's fees.

Finance Director Etheridge replied that was correct and they would be less than \$7,000.

Mayor Pro Tem Ferebee said he sees there are three proposals and asked if City Council was supposed to make a decision tonight or was this being brought to their attention and they were going to authorize the City Manager and/or City Attorney and bring it back.

Finance Director Etheridge replied this is what the City has been given through the Bond Council and our financial advisors for recommendation to move forward to the LGC in April. That is the criticality of why the City Council needed to meet tonight.

Councilman Smith asked once they meet with the LGC will they bring the figures back to City Council for approval. She replied yes and the LGC will not entertain approving this or us restructuring the bond through Bank of America without City Council's nod to so.

Councilwoman Bryant asked for clarification that if Option 3 is approved by the LGC, it would be paid back on a quarterly basis. Finance Director Etheridge replied yes and presently it is not. We have six (6) lump sum payments which will be very difficult now from a cash flow standpoint. The quarterly payments will allow this bond to mirror the 2017A Bond which is paid quarterly. We would have more of a baseline to budget just as we do for the larger loan on the tax exempt side. It will start next budget year.

Councilman Smith said what we anticipate is that the \$75,000 quarterly payment or approximately \$300,000 a year instead of the \$1M. Finance Director Etheridge agreed and stated that was correct.

Mayor Doughtie said it was a longer term but if we do nothing it could possibly put the City's financial status below what the LGC wants in the fund balance. In thinking and discussion he thinks we must move on this to give us some time to explore what else may happen. If not, the City will have to send a check for \$600,000 and in 180 days we will be looking right back at it again.

Mayor Pro Tem Ferebee asked Finance Director Etheridge to define the par call again. She replied the par call would have a ten year limit. If you paid the bonds off before the ten years, you would be subject to pre-payment penalties because the bank is going to want to retain and receive the amount of interest. That is under Option 2.

Councilman Smith added the option the City Council was looking at is for one year

not ten years. Finance Director Etheridge replied that was correct. Option 3 is what our consultants have recommended.

Mayor Pro Tem Ferebee asked if there was an amortization schedule for Option 3. City Manager Scherer said it was in the back of the packet from Davenport. He said once everything is finalized they can get them a copy of it in larger print.

Councilman Smith stated after talking to the Finance Director and the City Manager, he feels their best option is Option 3 with the one-year prepayment. He feels it will benefit the City and the taxpayers because there will not be as much to pay each year.

Mayor Doughtie stated he feels they all want to make sure they know what they are signing and agreeing to because of the past history. He agrees with Councilman Smith. It does give the City some time to pay this back as things have not gone as we hoped they would in order to pay it back as quickly as possible. He would look favorably to Option 3.

Mayor Pro Tem Ferebee stated he was good with Option 3 but he was trying to decipher the rate. Mayor Doughtie said in discussions with Finance Director Etheridge and Tom Lee of Womble Bond Dickinson today, it was a not set a rate but they did set a cap on it with a not to exceed clause. We are hoping the rates will be more favorable later than they are right now.

Finance Director Etheridge added that was important to remember and was a good point. When the rate is locked in it would be based on current market on April 6<sup>th</sup>, the day before the LGC meeting.

Councilman Smith said this would be coming before City Council again, so if they decide not to do it we will have to figure out where to get \$600,000 from.

Mayor Doughtie said if they do this then City Council can breathe a little bit, step back and see what we can do from another angle; could we ask for any kind of loan forgiveness, that type of thing.

Motion was made by Councilman Smith, seconded by Councilman Bobbitt and unanimously carried to adopt Resolution No. 2020.02 and authorize Finance Director Etheridge and City Manager Scherer to move forward with this.

<b>City Manager's Report</b>
------------------------------

City Manager Scherer gave the following report:

The focus of all City Administration Departments is on the goal of minimizing the transmission of the COVID-19 virus among both our employees and the general public. We have taken a number of actions regarding this goal.

We have closed all indoor Parks & Recreation facilities to the public until further notice. For now, we are waiting to see what the plans are of the youth recreational leagues regarding practices and games. The NC Youth Soccer Association has canceled all practices and games.

All public restrooms are closed at all outdoor parks and fields. We may close these outdoor activity facilities as well if any activities do not meet Federal/CDC or State guidelines on how many people can be in on place. As of today, per State guidelines, any meetings over 100 persons will be disbanded by the police. The Police will also enforce all other State directives regarding this crisis.

We request that citizens try to conduct their business with the City via telephone or the Internet whenever possible, instead of in person. We also ask that alternate appointment dates be considered after the crisis has passed. For now, we are keeping our administrative offices open the same days and hours while maintaining the cleanliness of the public window areas or putting up additional screenings. The Fire Department has restricted public access to their two stations. Notary Public services will not be offered by City officials until further notice.

All non-essential work travel outside the City is banned. Social distancing practices are being done in all departments. Telework options for employees are being considered where available. Security of on-hand supplies such as toilet paper and hand sanitizers, is being increased. Due to closures, some part-time employees have been laid off for now.

We continue to monitor the ongoing developments of the virus spread and strategies for its transmission minimization. We realize the seriousness of this situation and will support the actions by our local educational and healthcare agencies to try to keep Roanoke Rapids as safe as possible.

Mayor Pro Tem Ferebee asked if any of the part-time were due any compensation or unemployment. City Manager Scherer replied not at the moment, but he knows the Governor is looking at putting in some policies to assist with that. Mayor Pro Tem Ferebee asked if it would be up to the institution or the City to abide to what is put into place. City Manager Scherer replied yes, the City would adopt that. Mayor Pro Tem Ferebee asked if any full-time would be impacted. City Manager Scherer said not at this point, but it is a fluid situation and we will adjust accordingly.



Councilwoman Scarbrough said she sees where Mayor Doughtie has put Roanoke Rapids in a State of Emergency and asked what that involves. City Manager Scherer replied it allows us to put any emergency measures in place for whatever reason or if the City has to expend its resources for something, it allows us to be reimbursed from FEMA or the federal government. So if something does arise, we have this in place to do so.

Mayor Doughtie asked if the State of Emergency allows for a curfew or is that another document. City Manager Scherer said the City would do another document at that point with specific procedures we would put into place, but we are allowed to do so. Mayor Pro Tem Ferebee asked if the City anticipated doing so at this time. City Manager Scherer replied not at this time.

Councilwoman Bryant recalled getting an email saying facilities would be closing March 13<sup>th</sup> through the 23<sup>rd</sup> and now they were saying until further notice. City Manager Scherer stated they put that in place initially, but then saw where schools closed for two weeks so we did not want to provide a location for people to congregate and possibly spread the virus.

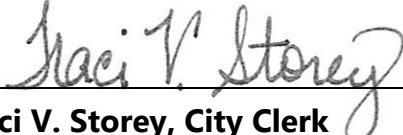
Mayor Doughtie stated it has been reported that young people do not appear to have any problem with the virus but if they are in contact with people that have it, they can take it home to their parents or grandparents.

Councilwoman Bryant asked how many people would be affected by telework options. City Manager Scherer replied probably just a few. Most of our jobs require us to do something not necessarily be behind a computer so it would be a few clerical personnel.

Mayor Pro Tem Ferebee asked if there were any remote type positions. City Manager Scherer said they were the ones they were looking at. Those who can take their phone and use their computer at home or take a laptop home with cybersecurity in place.

### Adjournment

There being no further business, motion was made by Mayor Pro Tem Ferebee, seconded by Councilman Bobbitt and unanimously carried to adjourn. The meeting adjourned at 5:45 p.m.

  
Traci V. Storey, City Clerk

Approved by Council Action on: April 21, 2020