



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

A regular meeting of the City Council of the City of Roanoke Rapids was held on Tuesday, April 4, 2017 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)  
Suetta S. Scarbrough)  
Carol H. Cowen)  
Wayne Smith)  
Joseph Scherer, MPA, MS, City Manager  
Gilbert Chichester, City Attorney  
Traci Storey, City Clerk  
Kathy Kearney, Deputy City Clerk/Human Resources Manager  
Leigh Etheridge, Finance Director  
Chuck Hasty, Police Chief  
Kelly Lasky, Planning & Development Director  
Larry Chalker, Public Works Director  
Stacy Coggins, Fire Chief

**Council Members**

**Absent:** Christina Caudle, Main Street Director  
John Simeon, Parks & Recreation Director

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

<p><b>Adoption of Business Agenda</b></p>
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Mayor Doughtie asked Council members about any known conflicts of interest with respect to the matters before them this evening.

There being no conflicts, motion was made by Councilman Bobbitt, seconded by Councilwoman Cowen and unanimously carried to adopt the business agenda for April 4, 2017.

## Approval of Council Minutes

Motion was made by Councilman Smith, seconded by Councilman Bobbitt and unanimously carried to approve the March 21, 2017 Regular Meeting Council Minutes as written.

## New Business

### **Consideration of Contract with Gregory T. Redman, CPA to Conduct Annual Audit**

Finance Director Etheridge stated in accordance with NCGS 159-34(a), City Council must approve a contract for the audit of the City's financial statements. She stated Council has been provided copies of the Engagement Letter and Contract with Gregory T. Redman, CPA, who is the City's current auditor, with no cost increase over the prior year contract in the amount of \$19,900.00.

Finance Director Etheridge respectfully requested Council consider a motion to approve the Letter of Engagement and Contract with Gregory T. Redman, CPA to conduct the audit of the City's financial statements for 2017 for \$19,900, and to authorize the Mayor to execute the Engagement Letter and Contract. ***[Copies of the Letter of Engagement and Contract are on file in the Clerk's Office and hereby incorporated by reference.]***

Motion was made by Councilman Smith, seconded by Councilman Bobbitt and unanimously carried to approve Resolution 2017.03.

### **Consideration of Adoption of a Preliminary Findings Resolution Requesting LGC Approval**

City Manager Scherer presented Resolution No. 2017.03 and stated this was the first step in the process of terminating the original bond series and swap agreement the City currently has with Bank of America. He said this will begin establishing a new loan funding vehicle for the Theatre in order to restructure the annual debt service obligation with them. He said the new financing agreement that they were negotiating with Bank of America should improve the City's annual cash flow situation and remove certain risks that they have with the variable interest rate on a portion of the loan they currently have now.

He stated the resolution authorizes three (3) things. He said it authorizes the City to file an application with the Local Government Commission to terminate

the current bond swap agreement with Bank of America; it authorizes the City to file an application with the Local Government Commission to authorize the issuance of new bonds to be sold in a private sale to Bank of America to finance the new deal and it also approves the financing team to help navigate through the complicated legal and financial process and insure the City's own interest were looked after during the process.

He reported the members of the financing team were the following:

*Bond Counsel:* Tom Lee with Womble Carlyle Sandridge & Rice, LLP who was bond counsel in the original deal.

*City Municipal Advisor with Respect to the Bonds:* Davenport & Company LLC who has been advising the City for a period of time now in regards to negotiations with Bank of America.

*Purchaser:* Bank of America, N.A.

*Legal Counsel to the Purchaser:* McGuireWoods, LLP

*City Municipal Advisor with Respect to the Swap Agreement:* Kensington Capital Advisors, LLC who help ensure the City's interest were looked after during the entire swap termination.

He said the resolution was the first step toward the City's ultimate objective which was to put in place a fixed rate loan for both the taxable and tax exempt portion of their obligation to Bank of America while providing a positive cash flow situation for the annual budget. He said the collateral for the new agreement will be the same as before, the district tax revenues and the sales tax revenues in general; the only thing different in this agreement was the not to exceed amount was now \$17,900,000. He said although the City was looking at a smaller amount than that, the financial advisors felt that the City needed to be covered just in case something changes between now and when the deal closes and if the amount exceeds what amount they were looking at, they would be covered. If the amount changes from what they were looking at right now, and that amount was more than what this would be, they would have to start the whole process over. This was just a large cushion so they would not have to stop the process and start over. He stated they still planned to come in at the amounts previously discussed.

Councilman Smith asked if it exceeds the original amount they agreed on, \$15,500,000, will it come back before Council. City Manager Scherer replied they were looking at it being a little higher than that, \$15,700,000 or so, which was within the numbers and amounts they were looking at before. He said he would bring it back if there was a major change in the amount.

Councilman Smith questioned why the resolution number was the same as the one approved in the previous action.

Mrs. Storey explained there should not have been a resolution number on the Council Action sheet for the audit contract; it was a clerical error. She said Council should have only approved the audit contract, not a resolution in the previous motion. She added Resolution No.: 2017.03 should be the resolution adopted by Council for this action concerning the preliminary findings request for the Local Government Commission.

City Attorney Chichester advised Council in order to correct the motion for the audit contract, the previous motion needed be rescinded and a new motion made.

Councilman Smith made a motion to rescind his previous motion, seconded by Councilman Bobbitt and unanimously carried.

Motion was made by Mayor Pro Tem Ferebee, seconded by Councilman Bobbitt and unanimously carried to approve the Letter of Engagement and Contract with Gregory T. Redman, CPA, to conduct the audit of the City's financial statements for 2017 for \$19,900.00, and to authorize the Mayor to execute the Engagement Letter and Contract.

Mayor Pro Tem Ferebee asked City Manager Scherer to explain what Resolution No. 2017.03 would do for the City.

City Manager Scherer explained the resolution would do three things:

- 1) Allow the City to file an application with the Local Government Commission to terminate the current bond swap agreement with Bank of America.
- 2) Authorize the issuance of new bonds to be sold in a private sale to Bank of America to help finance the new agreement.
- 3) Approve the financing team as seen on page 3 to help the City negotiate through the process.

Mayor Pro Tem said he believed City Manager Scherer said something about fixed rates versus variable rates. City Manager Scherer replied the goal was to achieve a fixed rate loan with Bank of America which would allow the City to lock in what the payments would be and eliminate the risk of the variable rate portion in the current bond package.

Councilman Smith asked if this would do away the swap payments and other fees connected with the payments now. City Manager Scherer replied that was correct, it was the first step in eliminating the swap agreement and original bond package.

Mayor Doughtie stated they would still be negotiating on the actual details on the loan. City Manager Scherer agreed and said this was the first step in the process to close out the old loan bond package and allow the City to finance the new package through the Local Government Commission.

Councilman Smith asked City Manager Scherer if he had a timeframe. City Manager Scherer replied they were looking at closing everything by mid-May.

Motion was made by Councilman Smith, seconded by Councilwoman Scarbrough and unanimously carried to approve Resolution No. 2017.03 as follows:

**RESOLUTION NO. 2017.03**

**RESOLUTION MAKING CERTAIN FINDINGS AND DETERMINATIONS,  
AUTHORIZING THE FILING OF AN APPLICATION WITH THE  
LOCAL GOVERNMENT COMMISSION AUTHORIZING THE ISSUANCE OF REFUNDING  
BONDS AND THE TERMINATION OF A RELATED INTEREST RATE SWAP AGREEMENT,  
REQUESTING THE LOCAL GOVERNMENT COMMISSION TO SELL BONDS AT A  
PRIVATE SALE, APPROVING A PROPOSAL TO PURCHASE SUCH BONDS, AND  
APPROVING THE FINANCING TEAM IN CONNECTION WITH THE ISSUANCE OF  
PROJECT DEVELOPMENT FINANCING REFUNDING DEBT INSTRUMENTS BY THE CITY  
OF ROANOKE RAPIDS, NORTH CAROLINA**

**BE IT RESOLVED** by the City Council (the “City Council”) of the City of Roanoke Rapids, North Carolina (the “City”) as follows:

**Section 1.** The City Council does hereby find and determine as follows:

(a) The City has heretofore created the Carolina Crossroads Music and Entertainment District (the “District”), as a development financing district created under the provisions of G.S. 158-7.3 of the North Carolina General Statutes, as amended, and approved the development financing plan for the District pursuant to the District Act.

(b) Pursuant to an Amended and Restated Order for the Issuance of Project Development Financing Debt Instruments and a Series Resolution, each adopted by the City Council on March 27, 2007, the City has heretofore issued its \$21,500,000 Music and Entertainment District Special Revenue Bonds, Series 2007 (the “Series 2007 Bonds”), \$15,570,000 of which are currently outstanding, for, among other purposes, the purpose of constructing a theater facility within the District. The Series 2007 Bonds were issued as project development financing debt instruments pursuant to Article V, Section 14 of the North Carolina Constitution and Article 6 of Chapter 159 of the North Carolina General Statutes, as amended (the “Financing Act”).

(c) In connection with the issuance of the Series 2007 Bonds, the City entered into an interest rate swap agreement (the “Swap Agreement”) with Bank of America, N.A. (the “Bank”) to hedge the variable rate interest on a portion of the Series 2007 Bonds.

(d) The City has determined that it is in its best interest to refund all of the outstanding Series 2007 Bonds and to terminate the Swap Agreement in order to restructure the City’s annual debt service obligations so that it can continue to provide the same level of municipal services to its citizens and to eliminate certain risks to the City associated with the hedged variable rate structure now in place for the Series 2007 Bonds.

(e) The Bank has made a financing proposal to the City to refinance the Series 2007 Bonds under an arrangement in which the Bank would purchase the City’s Music and Entertainment District Special Revenue Bond, Series 2017A (Tax-Exempt Interest) (the “Series 2017A Bond”) and Music and Entertainment District Special Revenue Bond, Series 2017B (Taxable Interest) (the “Series 2017B Bond”) and, together with the Series 2017A Bond, the “Bonds”) in an aggregate principal amount not to exceed \$17,500,000 in order to provide funds, together with other available funds, to (i) refund the outstanding Series 2007 Bonds, (ii) pay the cost of terminating the Swap Agreement and (iii) pay certain other costs and expenses incurred in connection with the sale and issuance of the Bonds.

(f) The City wishes to commence procedures at this time for the issuance of the Bonds, which would constitute project development financing debt instruments pursuant to the Financing Act. The Bonds would constitute special obligations of the City payable from and secured by (i) amounts derived from the levy of City ad valorem taxation of the incremental valuation of the District and (ii) revenues received by the City from sales taxes levied by the County and the State and distributed to the City.

**Section 2.** The City Manager and the Finance Director are hereby authorized and directed to file an application with the Local Government Commission for (1) approval of the issuance of the Bonds in an aggregate principal amount not to exceed \$17,500,000 for the purposes described in Section 1(e) hereof, as required by the Financing Act and (2) the termination of the Swap Agreement, including the payment of a termination payment in connection therewith, as required by Article 13 of Chapter 159 of the North Carolina General Statutes, as amended.

In support of the application, the Council hereby finds and determines:

(i) The amount of the proposed Series 2017 Bonds will be sufficient, but not excessive, for the purpose of paying the costs associated with the proposed refunding.

(ii) The proposed refunding is feasible.

(iii) The annual audits of the City show the City to be in strict compliance with debt management policies, and the budgetary and fiscal management policies of the City are in compliance with law.

(iv) The proposed Bonds will be marketed at a reasonable interest cost to the City.

The City Clerk is hereby directed to cause the publication of notice of the filing of the application with the Local Government Commission as required by Section 159-104 of the Financing Act.

The issuance of the Bonds is subject to the adoption of an order by the City Council at a later meeting authorizing the issuance of the Bonds and such other matters as may be provided therein.

**Section 3.** The Local Government Commission is hereby requested to sell the proposed Bonds to the Bank at a private sale without advertisement.

**Section 4.** The following financing team members are hereby approved by the City in connection with the Bonds:

Bond Counsel: Womble Carlyle Sandridge & Rice, LLP

City Municipal Advisor with Respect to the Bonds: Davenport & Company LLC

Purchaser: Bank of America, N.A.

Counsel to the Purchaser: McGuireWoods, LLP

City Municipal Advisor with Respect to the Swap Agreement: Kensington Capital Advisors, LLC

**Section 5.** In connection with the issuance of the Bonds and the refunding of the Series 2007 Bonds, the Mayor, the City Manager, the Finance Director and the City Attorney of the City are hereby authorized and directed to take such actions as shall be necessary to terminate the Swap Agreement, including without limitation, the execution and delivery of necessary documentation, certificates, opinions or other documents and the payment of any related payments, including without limitation, termination payments.

**Section 6.** This resolution shall take effect immediately upon its passage.

**ADOPTED** this 4<sup>th</sup> day of April, 2017.

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Emery G. Doughtie, Mayor

ATTEST:

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Traci V. Storey, City Clerk

<b>City Manager's Report</b>
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City Manager Scherer recognized Chief Hasty for his efforts in putting on the Relay for Life Womanless Beauty Pageant last Friday night. He stated it was a

resounding success and good fundraiser for the Relay for Life program. He also recognized Chief Coggins for his participation in the pageant along with other members of the Police and Fire Departments.

City Manager Scherer reported some of the Parks & Recreations facilities have recently needed repairs. The pool heater at the Aquatic Center broke down but should be repaired tomorrow. The roof at Kirkwood Adams Community Center needed some repairs and the water pump in the boiler system at TJ Davis Recreation Center needed replaced, which was under warranty. On the Chaloner Pool, the engineering firm took core samples of the concrete and surrounding area yesterday; they should have the results by the end of the week. This will then allow our engineer to finalize the formal Request for Proposal document for the pool contractors. Mr. Simeon submitted a grant proposal to *The Finish Line* for \$75,000 to help fund the repair project.

He said Mr. Simeon has been working with a regional country artist, Colton James, who is putting together a Harvest for Heroes fundraiser concert at the Roanoke Rapids Theatre on May 20<sup>th</sup>. This will involve his band and other bands putting on a show, along with other activities. Mr. James is trying to raise money to build a recreational camp for wounded veterans in Virginia.

City Manager Scherer reported the Main Street Roanoke Rapids program has been recommended again for national accreditation honors by the State program. The benefits of this award include professional development and training opportunities as well as a demonstration of the commitment by their board and manager, Christina Caudle, for economic development through historic preservation. The accreditation evaluation process looks at four strategic areas, which cover economic vitality, harnessing local economic opportunity and creating a supportive business environment for small businesses.

He stated the Police Department has continued their community outreach activities by participating in the Chamber of Commerce Interview Days at four high schools (Roanoke Valley Early College, Northampton County, Southeast Halifax and RRHS), along with the Career Day at Weldon HS. The department will also have a booth at the Chamber's Job Fair at HCC. The Police Club is sponsoring the RAGE Wrestling Match at the RRHS on April 21<sup>st</sup> as a fundraiser for the Christmas for Kids program. The Police Department, along with the Fire Department, will participate in the Cross Creek Dentistry Easter Egg Hunt at Fire Station#2. Chief Hasty's daughter, Macy, has been selected to be a page for

Senator Bryant all this week. He announced the four new police cars were on line and were being utilized by officers.

City Manager Scherer reported the entire Fire Department participated in a Hazardous Materials Response refresher course and worked with a Civil Affairs Team out of Ft. Bragg during their exercise in the county last week. The Teams' mission was to develop an Emergency Action Plan for a local fuel distribution center.

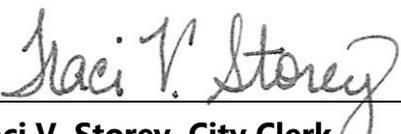
He said Public Works has begun clearing some land on the back side of the cemetery to develop new plots for sale.

He announced the BARC Committee is having their Fish Plate Sale fundraiser on Friday, April 21<sup>st</sup> beginning at 11:30 a.m. at Pro-Build. The food will be prepared by the D.I.R.T. group.

City Manager Scherer stated the Streetscape final draft has been submitted to the Planning & Development Department for their review and any changes before presenting to Council for final approval.

<b>Other Business/Comments by Council Members</b>
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There being no further business, motion was made by Councilwoman Scarbrough, seconded by Councilman Bobbitt and unanimously carried to adjourn.

  
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Traci V. Storey, City Clerk

**Approved by Council Action on: 4/18/2017**