



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 18, 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
John Simeon, Parks & Recreation Director
Larry Chalker, Public Works Director
Stacy Coggins, Fire Chief

Council Members

Absent: Christina Caudle, Main Street Director
Kelly Lasky, Planning & Development Director

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

Adoption of Business Agenda

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 Councilwoman Cowen, seconded by Councilman Bobbitt and unanimously carried to adopt the business agenda for April 18, 2017 as presented.

Special Recognitions

Ken Wilson with the National Society Sons of the American Revolution stated his group periodically recognizes members of the Police Department, Fire Department and EMS that go beyond the call of duty. Mr. Wilson stated Chief Hasty sent him the name of an individual that he recommended for this award. He stated this was a once in a lifetime award. He presented Deputy Chief Andy Jackson with the SAR Law Enforcement Commendation Medal.

Police Chief Hasty recognized Lieutenant Jeff Baggett, Investigator Jeffrey Davis, Officer Alex Green and Officer Hannah Grimes as Officers of the Quarter. He stated Lt. Baggett and Officer Alex Green led the department in drug seizures, DWIs and getting guns off the street for the first quarter of this year. He read a letter from the Wake County Sheriff Office thanking Officer Grimes for her assistance with an accident that occurred in Wake County where the young lady ran away from the scene of the accident and was found a few days later deceased. He said Officer Grimes had emailed the investigators to share some of the department's tools to help locate the young lady. Chief Hasty said Investigator Davis solved over 70 car break-ins and charged two suspects in the case and he worked the Kapstone larceny helping to solve a multi-jurisdictional case.

Unscheduled Public Comment

Susan Hodge

Ms. Hodge of 425 Rightmyer Drive said last year numerous citizens groups went before the Halifax County Board of Commissioners to request changing the sales tax distribution method. She said the County Commissioners yearly choice of ad valorem method meant buyers paying the sales tax did not receive their fair share as the county wide funds were not distributed equally. She said Attorney Rollins worked out the details of the per capita per person distribution, our sales taxes, as opposed to the ad valorem, our property value, which has always been used by Halifax County. She said Roanoke Rapids would have received almost an additional \$110,000 based on the 2014-2015 data, but with county wide population laws this amount could now be even higher today. She said the co-generation plant in Weldon has been shut down. In 2006, the plant had been valued at approximately \$170 million. Recently, a value was settled out of court at \$12 million for the plant. She said Weldon will probably also consider the change in per capita distribution. She said all seven (7) towns will receive their fair share per person of sales taxes. She requested the City of Roanoke Rapids make a formal request to the Halifax County Board of Commissioners to use the

per capita method for sales tax distribution starting July 1, 2017. She said the funding would probably help develop more taxes for the town's property tax payers, provide economic development funding, lower the cost of services, continue youth and senior programs, continue to provide much needed police and fire services. Please make the request for the needed changes. By law the Commissioners must make this change by the end of April.

Approval of Council Minutes

Motion was made by Councilwoman Scarbrough, seconded by Mayor Pro Tem Ferebee and unanimously carried to approve the April 4, 2017 Regular Meeting Council Minutes as written.

Appointments/Reappointments

Canal Museum Advisory Committee

City Clerk Storey reported the term of Kathy White (*Friends of the Canal Representative*) would expire on April 20, 2017. She said Ms. White had expressed interest in being reappointed and was eligible to be reappointed. She stated a ballot vote was not required as it was not for an At-Large Member appointment.

Motion was made by Councilman Smith, seconded by Councilman Bobbitt and unanimously carried to reappoint Kathy White as the Friends of the Canal Representative to the Canal Museum Advisory Committee.

Roanoke Rapids Area Planning Board/Board of Adjustment

City Clerk Storey reported the term of Robert Moore, Jr. on the Roanoke Rapids Area Planning Board/Board of Adjustment would expire on June 1, 2017. She said Mr. Moore had expressed interest in being reappointed, but he had served the maximum number of 2 consecutive terms allowed by City policy. She stated the Council has waived this section of the policy in the past. She said Mr. Moore did receive a unanimous vote on the ballot vote and requested Council reappoint Mr. Moore.

Councilman Smith asked Attorney Chichester if the City Council should consider changing the policy concerning the term limit since the Council has to waive the policy that was set up years ago or should they continue to waive it.

Attorney Chichester replied the Council has the authority to change the policy if they chose to do that.

City Clerk Storey added that she contacted Mr. Moore because his term was going to expire June 1 and he said he was willing to continue serving on the Planning Board. She said she believed he was active on the board. She reported next month there would be two people the Council would need to choose from for one seat on the board.

Attorney Chichester said he was not the City Attorney when the policy was made, but he believed the policy was created to put term limits on it so other people would have the opportunity to serve as well.

Mayor Pro Tem Ferebee stated he liked the term limits because at least it has to come back to the Council for review. He said he understood what Councilman Smith was saying. He stated he had served on the Planning Board in the past and sometimes it was tough to get people to serve, especially those that serve pro bono and time and time again. He said he does agree a term limit should be there to at least bring it back so that it would give others the opportunity to serve.

Mayor Doughtie suggested the City Clerk notify the Council several months ahead when committee members' terms would be expiring to give them time to go out and contact/recruit people to serve.

City Clerk Storey replied she would have numerous reappointments coming up in the next few months so she could compile a list to submit to Council for their review.

Motion was made by Mayor Pro Tem Ferebee, seconded by Councilman Bobbitt and unanimously carried to waive the City's policy concerning the term limit and reappoint Robert Moore, Jr. to the Roanoke Rapids Area Planning Board/Board of Adjustment.

Appeal Hearing

Dangerous Dog Declaration Appeal Hearing

Mayor Doughtie opened the Appeal Hearing and called on Police Chief Hasty.

Chief Hasty reported an incident occurred on February 3, 2017 at approximately 5 p.m. in which Ms. Amanda Richards' dog got loose and attacked Mr. and Mrs. Kidd's dog as they were walking down the street. He said the Kidd's dog suffered injuries that required immediate care and were severe and permanent. He said as part of the City Ordinance, when something like this happens and to determine whether a dog was dangerous or potentially dangerous, there was procedure. He said in Section 91.13 of the ordinance, the determination whether or not such a dog is dangerous or potentially dangerous, as herein defined, shall be made by the Chief of Police or such alternate hearing official as the Chief of Police may from time to time designate.

Chief Hasty said in addition, part of being determined a dangerous or potentially dangerous dog was defined in the ordinance as follows:

A dog that the Animal Control Officer or municipal authority responsible for animal control determines to have:

- (1) Inflicted a bite on a person that resulted in broken bones or disfiguring lacerations or in any manner causing abrasions or cuts on the skin or one which habitually or repeatedly attacks humans or other animals; or*
- (2) Killed or inflicted severe injury upon a domestic animal when not on the owner's real property; or*
- (3) Approached a person when not on the owner's property in a vicious or terrorizing manner in an apparent attitude of attack; or*
- (4) Is classified as a **Pit Bull Terrier** as defined by the American Kennel Club or United Kennel Club as any American Pitt Bull, Staffordshire Bull Terrier, American Staffordshire Terrier, or Bull Terrier; and any mixed breed dog containing sufficient elements of the above breeds as identified by a veterinarian; or any dog whose owner registers, defines, admits or otherwise identifies such dog as being a **Pit Bull**; or any dog that is of a breed commonly referred to as a **Pit Bull** and commonly recognizable as such.*

Chief Hasty said he and Animal Control Officer Pete Wilson got together to make the determination after the report of the attack. He said during the investigation, they found back in 2013, Ms. Richards' dog had attacked another dog when she was living on Williams Street. He said after finding out the facts and with the injuries of the Kidd's dog, they determined the dog was a dangerous /potentially dangerous dog.

He said they sent a letter with the determination to Ms. Richards on February 6, 2017 at 6:05 p.m. by Officer Hannah Grimes. He stated Ms. Richards was issued a City Ordinance for allowing her dog to run loose. He said she filed an

appeal with him at that time about the dog being deemed dangerous or potentially dangerous. He informed her that the appeal would go before the City Council to determine whether they would uphold the determination or repeal it. He said Ms. Richards was given the date April 18, 2017 to come before the City Council for the appeal hearing. He reported Ms. Richards and Mr. & Mrs. Kidd were sent letters notifying them of the appeal hearing date and giving them the opportunity to take part in it.

Chief Hasty explained that when a dog was deemed dangerous/potentially dangerous, there were several things the owner must do to prevent another attack by that dog. He read the precautions for a dangerous/potentially dangerous dog from Section 91.14 of the City Ordinance as follows:

(A) It shall be unlawful for an owner of a dangerous or potentially dangerous dog as defined in § 91.01 and designated pursuant to this chapter to:

*(1) Leave a dangerous or potentially dangerous dog unattended on the owner's real property unless the dog is confined indoors or in a secure enclosure which is locked. A **Secure Enclosure** means an enclosure that meets all of the following criteria:*

- (a) A structure which is suitable to prevent the entry of young children and to prevent the dog from escaping;*
- (b) A structure with secure sides and a secure top, or secure sides which are of sufficient height to prevent the dog from escaping over the sides;*
- (c) A structure whose sides are constructed at the bottom so as to prevent the dog's escape by digging under the sides;*
- (d) A structure which provides appropriate protection for the dog from the elements.*

(2) Permit a dangerous or potentially dangerous dog to go beyond owner's real property unless the dog is leashed and muzzled or is otherwise securely restrained and muzzled.

(B) If the owner of a dangerous or potentially dangerous dog transfers ownership or possession of the dog to another owner, the transferring owner shall provide written notice to:

- (1) The Chief of Police, or his designee, stating the name and address of the new owner or possessor of the dog; and*
- (2) The person taking ownership or possession of the dog, specifying the dog's dangerous behavior or breed and the authority's determination of dangerous or potentially dangerous dog.*

(C) Any owner of a duly declared dangerous or potentially dangerous dog shall erect a sign (two feet by two feet) which shall be clearly visible from the public right-of-way on the enclosure housing said dog which shall read:

***BEWARE!
DANGEROUS DOG***

(D) The owner of a dangerous or potentially dangerous dog is required to maintain in full force and effect a liability insurance policy of \$100,000 for personal injury or death of any person resulting from an attack by such dangerous dog or potentially dangerous dog.

(E) If the owner of a dangerous or potentially dangerous dog does not own the property where the dog is being kept, then the owner of the dangerous or potentially dangerous dog must have written permission from the property owner where the dog is to be kept before such dog may be kept on the property owner's premises. This specifically includes, but is not limited to, dogs kept on the property of friends or relatives, and dogs kept on rental property.

Chief Hasty said these things were required by the owner if they want to keep the dog within the city limits of Roanoke Rapids and he did not believe Ms. Richards had any of those things in effect so technically she was in violation of the ordinance at this time. He said since it has been in appeal until tonight's determination, they had not written any more ordinance violations at this time.

Mayor Pro Tem Ferebee asked what the penalty was if the person did not adhere to the ordinance. Animal Control Officer Wilson replied if they did not stay in compliance with the City Ordinance, the animal could be seized and there would be a fine.

Mayor Pro Tem Ferebee asked if the appeal was for not agreeing that the dog was dangerous or not agreeing with what the City Ordinance states was a dangerous dog.

Chief Hasty read the letter submitted by Ms. Richards about the appeal:

On February 3, 2017, a report was made to the Roanoke Rapids Police Department concerning a family pet named Zeus a seven year old pit bull. This situation caused Zeus to get the title of a dangerous dog. I have the upmost respect for our town and the law. I truly understand why the Chief of Police made his decision, but the dog in question is honestly a really friendly dog who loves people, kids and other animals. He is actually a very lazy house dog. Unfortunately this is one of those random accidents that happen and I am sure everyone involved will have a different opinion on the events that happened that

day and about the dog in question. My reasons for bringing this matter to you are very simple even though Zeus will not be living with us the place he has to go with the dangerous dog title they can't have him. So then our only option would be to turn him over to animal control which then as you all know he will be killed and I made a promise to my son who is very heart broken over this whole situation I would do everything I can to save his life and I honestly feel he is not a dangerous dog. I am asking you to please take a moment to review all the facts take a look at this situation from all angles and reconsider changing the Chief's decision and taking the dangerous dog title off of Zeus. I have faith you guys will make the best decision for everyone involved and I thank you for your time. Sincerely, Amanda Richards.

Mayor Pro Tem Ferebee asked Chief Hasty if this was the second attack by the dog. Chief Hasty replied yes.

Mayor Pro Tem Ferebee stated it appears from the letter that the owner was not fully aware that the dog can be given elsewhere with the knowledge base that the person taking the dog has the title and the dog would not automatically have to be destroyed. Chief Hasty said if they transfer ownership of the dog, they must notify the Police Department and also the person they transfer ownership to is informed that the dog has the dangerous/potentially dangerous dog title.

Mayor Doughtie gave the appellant and victim the opportunity to speak.

Appellant

Ms. Amanda Richards of 54 Henry Street (*sworn in at beginning of meeting*) said she brought pictures of the dog so Council could see him with kids and other animals. She explained the incident that occurred when she lived on Williams Street. She said her neighbor also had two pit bulls and his dogs and her dog both got loose and started fighting. She said he was really a good dog. She said her ex was supposed to get the dog, but with the dangerous dog title, she did not think he could have dog; he lives in the county. She added that he was supposed to be here today, but was detained at work. She said she respected the laws of the City and understands why Chief Hasty made the decision. She stated she knows these types of dogs were considered dangerous at times, but she assured the Council that he was not a vicious dog; he was an old, lazy house dog and loves other animals and children.

Victim

Mr. Bill Kidd of 39 Monroe Street (*sworn in at beginning of meeting*) stated he loves animals, all dogs. He said he was sorry about the situation, but the dog hurt his dog real bad. He said the dog bit his dog and had his dog in his mouth, squeezing it. He showed Council pictures of what his dog looked like before and after the attack.

With no further comments from the public on the matter, Mayor Doughtie closed the hearing.

Mayor Doughtie stated it was now up the Council to affirm or overrule the factual findings and order of the dangerous dog declaration.

Councilman Smith asked Chief Hasty if there was a fenced in yard where the dog was located. Chief Hasty replied no and he showed Council a photo of the residence.

Councilman Smith asked if there was any way to restrain the dog. Chief Hasty replied no because it was against the law to tether a dog in the city. He added that Ms. Richards was keeping the dog inside to keep it away from the public right now.

Mayor Doughtie asked if it was possible for the dog to be relocated. Chief Hasty replied yes but the owner would have to notify the Police Department where the dog was going and wherever it was being relocated that person has to be notified that it was a dangerous dog in case there were other incidents because of the liability on them. He added he was not sure what that jurisdiction would do about dangerous dogs, but he was pretty sure they would have similar ordinances to the City's concerning dangerous dogs.

Mayor Doughtie asked Ms. Richards if relocating the dog was an option for her. Ms. Richards replied the dog was supposed to be with her ex; that was the plan. He lives in the county. She said this happened so she was going by procedure and doing what she was told to do. She would try do anything she needed to do.

Mayor Doughtie asked Chief Hasty what kind of time frame was Ms. Richards on. Chief Hasty replied that if Council affirms the declaration, she would be out of compliance with all the things she was required to do at this time, but she could reach out to animal rescues. He said she still has to inform them that the dog has been deemed a dangerous/potentially dangerous dog. He said if they rehome it they have to let that person know in that jurisdiction.

Mayor Pro Tem Ferebee stated it appears the other person was located in the county and asked if they had any knowledge of their rules on dangerous dogs. Animal Control Officer Wilson said he formally worked for Halifax County and if a dog was deemed dangerous, they would just need to meet the specifications of the county including an enclosed cage with a roof and concrete slab so the dog could not get out and the dog would have to be micro chipped. He said as long

as they met those requirements, the dog could stay there. He said the dog would have to wear a muzzle if it was out, but as long as they were in compliance the dog would not be put down.

Mayor Doughtie stated the very up most important thing was to keep the people safe in our community. He said as tragic as it was for the gentleman's dog that got attacked and severely injured, they would not want to be back here again with another attack. He said he would like to find some resolution because he could see the how difficult of a situation it was for the young man, but on the other hand Council needed to do what was necessary for people out walking with/without their pet to be safe. He told Ms. Richards if she would be proactive and looked into all the avenues for a place to relocate her dog, he felt that would be somewhat of a compromise. He stated he was not second guessing Chief Hasty's decision.

Mayor Pro Tem Ferebee agreed with Mayor Doughtie and stated it was a tough situation, but it sounded like there were some avenues that if the dog goes to the right place,, it might be able to be kept. He said the main function of Council tonight was to affirm or overrule the factual findings and it appears all rules were followed as they should be.

Motion was made by Mayor Pro Tem Ferebee, seconded by Councilman Bobbitt and unanimously carried to affirm the factual findings and uphold the order of the Dangerous Dog Declaration.

New Business

Presentation by Ted Cole with Davenport & Company and Tom Lee with Womble Carlyle Sandridge & Rice

City Manager Scherer introduced Ted Cole with Davenport & Company and Tom Lee with Womble Carlyle Sandridge & Rice. He stated they would be discussing some details on the proposal the City received from Bank of America regarding the refinancing of the financial obligation with them along with some of the details concerning the bond and swap agreement with Bank of America.

Mr. Cole presented Council *Discussion Materials – Music and Entertainment District Special Revenue Bonds, Series 2007* dated April 18, 2017. (Copy on file in Clerk's Office).

He said they would be working toward an action tonight that would essentially, if Council chose to take that action, continue moving forward to restructuring the debt associated with the Music & Entertainment District revenue bonds issued back in 2007.

He said they had been working for months to look at different ways to restructure this debt to provide the City with some cash flow relief or cash flow savings in the annual payments and provide some certainty moving forward of what the payments would look like.

Mr. Cole stated approximately 25% of the debt would be done on a taxable basis and 75% debt done on a tax-exempt basis that was driven by IRS regulations. He said the tax-exempt portion of this restructuring of the loan (*new debt or 2017 debt*) would be amortized over a 15-year term. He said the taxable component there were some options he wanted to discuss with Council. He stated the taxable component could be amortized to be paid back in a very short period of time or as long as 15 years. He said they would end up with two pieces of debt; a taxable piece and a tax-exempt piece. He said the amount of debt that was outstanding today was approximately \$15.5 million and the amount of debt the City would end up with if they chose to move forward would be about \$15.5 million.

He said on the taxable component, Bank of America has offered a number of different options:

Option 1: 1 Year Short Term Taxable Note (*Essentially interest only, must be paid back in 1 year.*)

Option 2: 2 Year Short Term Taxable Note (*Essentially interest only, must be paid back in a type of balloon payment in 2 years.*)

Option 3: 3 Year Short Term Taxable Note (*Essentially interest only, must be paid back in a type of balloon payment in 3 years.*)

He said they also asked Bank of America to provide a 15 year term on the taxable piece to match the tax-exempt component.

Option 4: 15 Year Long Term Taxable Financing

Option 5: 15 Year Long Term Taxable Financing with 1 Year Interest Only

Option 6: 15 Year Long Term Taxable Financing with 2 Years Interest Only

He stated the current schedule anticipates that if all of this were to move forward, which would require action from Council tonight and the Local Government Commission approval in May, that they could close the new loan as early as May 10, 2017 putting that new amortization in place. He said staff has been working under a number of different avenues to try to come up with alternatives to either

sell the Theatre or otherwise identify dollars that would be used to pay off the taxable component of the note. He said the taxable component would be approximately \$3.7 million and the tax-exempt portion would be about \$11.9 million. He stated together, the \$15.5 million was the amount of debt outstanding today and it would be the amount that would be outstanding if Council moved forward. He stated that tax-exempt portion, they have a fixed rate set for 15 years and it will not change; the element that was open for more discussion was the taxable component (\$3.7 million). He said the idea would be to retire that piece as soon as possible because it was going to have a higher interest rate. He stated that would be the goal, whether through proceeds from the sale of the Theatre, city revenues, fund balance or other sources.

He reported the shorter term notes, Options 1, 2, and 3, would give the City the lowest payment for those years but that payoff was coming so they would have to determine how to make that \$3.7 million payoff. He said on the longer term notes, Options 4, 5, and 6, it was a little more costly because the rate was higher but they would have certainty on the payback and if the City came up with the dollars early they could prepay that loan. He said one of the things they had established with Bank of America was if the City chose the long term taxable option (Option 4, 5, or 6), they had the ability to prepay it without penalty, in whole or in part, at any time.

Mr. Cole said they would be talking more tonight on the taxable piece and whether Council liked the short-term where they would have a lower rate, lower annual payment but that balloon payment was out there or did they like the long-term taxable approach where they would have a slightly higher rate but the certainty on the payments and if the dollars were not available to prepay it or if they were, they maintain complete flexibility to prepay it.

Mr. Cole referred Council to Page 2 of the document and said if the Council did nothing, the debt would be paid off in 2028. He said they could see what the principal and interest payments would be each year. He noted the interest rates were not necessarily fixed due to the nature of the existing debt on the books today. It also showed the swap payment but it did not run coterminous with the 2028 final maturity. He stated Column F of the table was where all those payments were pushed together and essentially showed the City's fiscal year payment if they did nothing which was approximately \$1.8 million per year. He said that also assumes that interest rates did not increase, but if they did increase going forward, elements of the payments would go up as well. He said in Columns G and H of the table, they tried to show Council the order of magnitude of how the payment may change or increase if interest rates either

move up 1% or 2%. He stated the transaction on the books today had elements that were not fixed and that would vary. He said the current annual payment was approximately \$1.8 million and the swap that was giving the City some stability on that payment being the same every year would go away in 2023 so starting in 2024 without the swap, the City was in a completely variable mode and more subject to interest rate movement and changes in payment.

Mr. Cole reviewed the options with Council beginning with Option 1 on page 3 of the document (*1 year short term taxable note and long term tax exempt financing*). He pointed out to Council that term of the loan would be extended from 2028 to 2032. He said it was determined through working with staff and the Local Government Commission that they would allow it and the cash flow relief the City would like to have would be best recognized if the loan went out to 2032.

He stated under columns B, C and D, it showed what the taxable component would look like under this option. He reminded Council the taxable portion was approximately \$3.8 million. He said this shows after one year the \$3,765,653 would be coming due. He stated the City could make that payment by whatever sources they may have or negotiate a roll with Bank of America and if they were unable to do those things, the loan would automatically term out and have to be paid over a three (3) year period.

Mr. Cole explained that column E, F and G were principal, interest and total for the tax-exempt component (75% of loan) \$11.9 million. He said the annual payment on that was \$965,000 at a 2.6% fixed rate for the entire term. He said if Council decided to move forward, Bank of America would set that rate after LGC approval before closing. He stated that Bank of America has said the rate was still valid but the technically it will not be set until a few days prior to closing. He said column H was the total combined payment which shows the big payment the first year from the principal due on the taxable portion, then it levels out to \$964,000 per year. He reminded Council the City's current annual payment runs approximately \$1.8 million per year. He said column I shows the savings they would derive from this option if interest rates don't change. He said the current loan interest rate may change, therefore the table shows savings three ways (columns I, J and K). He reported there would be savings for the first years through the year 2018, but the bracketed figures show a "dissavings" because the loan would be extended five more years to 2032. He pointed out under column I, the cost of this option would be \$574,961 if interest rates did not change. He summarized the option as the City would have a one year balloon payment, nine years of savings in the \$600,000-\$800,000 range and five years where they would be making payments on the new loan, where they would not

with the existing obligation so putting all of the cash flows together it would cost approximately \$575,000. He also reminded Council that with this option, the City would have to make the payment of \$3.765 million after the first year or successfully negotiate a roll with Bank of America or it terms out to a three year payback.

Mayor Doughtie asked Mr. Cole that if the rates went up 2% on the existing loan, would it only cost the City \$159,000 to exercise this option. Mr. Cole replied that if the City did nothing and the rates went up by 2%, annual payments would go up, if the City did this transaction with Bank of America and that same increase occurred the cost of this transaction compared to what would have been if the City stayed in the existing transaction would be \$159,000. Mayor Doughtie stated that in the scheme of the amount of money they were talking about that was relatively a small amount of money to get the stability in the City's budgeting process. Mr. Cole agreed and said the City would have a significant amount of savings on the front end.

Mayor Doughtie stated that when interest rates started coming down, they came down for a really long time. He said older people may remember when they were 18% years back in the late 1970s and 1980s; they have been coming down for a long time. He said when rates start going up, they may not go up so fast, but they were looking at ten years. He stated rates generally move up for a good while, not go up and down. Mr. Cole agreed and said they have been in a somewhat volatile market from the election, but they have stabilized and even come down a little bit. He said Bank of America's willingness to take a look at these options, particularly on the tax-exempt piece, that a fixed rate of 2.60% for fifteen years was a competitive rate. He said the taxable note of \$3.6 million had to be paid at some point, it could not be forgiven. He stated the question was could the City pull those funds together in the short term to pay it off or did they need a longer term pay back on that piece. He said his concern was if the City did the short term and the resources were not there to pay it off, every couple of years they would be relying on Bank of America's willingness to sit down at the table and consider a roll over. He added they had been really good thus far, but they would not know if that cooperation would last.

Mr. Cole continued on page 4 and stated the only difference was it was the 2 Year Short Term Option, interest rate was a little higher at 2.98%. He said that was buying the City another year to put a plan together to pay back the \$3.6 million. He said it was still interest only so providing the City a low payment. He stated the extra year would cost approximately a half of percent. He said the tax-exempt portion remains the same for all the options for fifteen years. He said the

savings were different because of the higher interest rate and the dissavings were larger. He stated the trade-off was it would give the City an extra year to make the \$3.65 million pay off and they would not have to renegotiate with Bank of America, they would be locking it in for two years.

Mr. Cole reviewed Option 3 on page 5 of the document which was the 3 Year Short Term Loan. He said the premises was the same except the City would negotiate an interest only amortization on the taxable portion for three years with an interest rate of 3.37%. He stated in the three short term options, the one year rate on the taxable would be 2.53%, the two year rate of 2.98% and the three year rate of 3.37%. He said the rate was higher, but it would give a little more time to determine where the funds would come from. He said also in column I these cases get a little more expensive because the rates were going up so the dissavings go from \$574,000 to \$700,000 then to \$852,000.

Mr. Cole explained Option 4 on page 6 which was the Long Term Taxable and Tax Exempt Financing Option. He presented the amortization schedule for the taxable piece of the loan that levels out at approximately \$360,000 per year, but was at a higher interest rate of 5.45% which was fixed for the 15 year term. He said the City could prepay the loan at any time without penalty. He said this scenario gives the City certainty of the future if they were unable to come up with the payoff of the shorter term balloon payments, but it comes with a higher interest rate. He said if the City was successful at pulling together the funds they needed, they had complete flexibility to pay it off early.

Councilman Smith asked if that was going to cost the City about \$2 million extra.

Mr. Cole replied that if the City did not get the funds to pay off the taxable portion early, this transaction would cost \$2.2 million compared with the City's current loan assuming rates did not change. He added they would see a savings in the first years between \$250,000 - \$500,000 a year so that would be a savings in comparison to the current loan. He said the payment would be \$1.3 a year and would not change whether rates went up or down and the swap would no longer be on the books. He reminded Council that the debt would be extended to 2032 so there would be the additional debt as shown in columns I, J and K.

Mr. Cole reviewed Option 4a which shows the potential of that case with a payoff of the taxable loan early. He said the long term taxable amortization would give the City certainty with the flexibility to pay it. He said Option 4 demonstrates what would happen if the City never paid the debt off early and Option 4a shows what would happen if it was paid off early. He said it would be paid off the first year, third year or even the tenth year.

City Manager Scherer asked Mr. Cole if the City had the payment with no penalty option in Options 1, 2 and 3. Mr. Cole replied yes that was correct. He said all taxable pieces could be prepaid without penalty. He said it just depended on how good the City felt with the ability to prepay it: one year, two years, or three years or more comfortable with setting it up with a higher interest rate, but an amortizing loan on the taxable piece with the ability to prepay it if those dollars were available.

Councilman Smith asked if the City was able to sell the Theatre for more than \$3.8 million, would there be a prepayment penalty on the extra money that would go to Bank of America on the \$12 million note. Mr. Cole replied they had it set up where there would be a prepayment penalty if it were within a five year period.

Mr. Tom Lee added that in conversations with Bank of America, they required if there was a sale of the Theatre, all the sale proceeds would be used to pay down debt. He said the first would be to pay down the taxable loan, anything above that would be used to pay down the tax exempt loan. He stated the way Bank of America has required if the City prepays within the first five years, there could be a prepayment penalty. He said that would only occur if interest rates had gone down from the time they set the rates. He said if they were the same or had gone up there would not be a penalty; it had to do with their reinvestment funds. He said after five years, the City could prepay it at any time.

Councilman Smith asked if the Theatre was sold, couldn't the City hold the extra funds in reserve and pay it after the five years to pay a lump sum. Mr. Lee replied Bank of America required the funds be used to prepay the tax exempt loan.

Attorney Chichester asked if the City sold the Theatre and paid off the taxable loan and had \$600,000 left and used that money toward the tax exempt loan that would not be considered a prepayment. Mr. Lee replied it would be in addition to the City's scheduled payment. He said that could be a point to discuss with Bank of America, but in his conversations, they require any amount above the taxable loan would need to be used to prepay the tax exempt loan in addition to the scheduled payment. He added this would reduce future payments because it would reduce the principal.

Mayor Pro Tem Ferebee asked if this would reduce the payments not shorten the years. Mr. Lee replied that the documents say if the City prepays it would reduce the principal amount and re-amortize the loan at that point so their regular scheduled payments would be reduced.

Councilman Bobbitt asked if they had \$600,000 left over could they put the entire amount at one time toward the next payment instead of dragging it out two or three years. Mr. Lee replied Bank of America wants the City at that time to make a prepayment on the tax exempt loan in addition to the scheduled payment although the future payments would be reduced in account of the prepayment.

Mr. Cole stated they had several other options. He said Options 5 and 5a essentially showed the same fifteen year taxable loan with one year interest only. He said Option 5 shows the one year interest and 5a shows what would happen if the City paid it off early. He said the Council could compare the costs in column I with Options 4 and 4a.

Mr. Cole said Options 6 and 6a was two years of interest only so looking at Option 6, column D, it shows a lower payment for the first two years and then it steps up.

Mr. Cole stated these were some options to consider but the City was still paying off the taxable loan over a period no longer than fifteen years; it was just the first year or two would be willing to make it more or less interest only. He added Options 4, 5 and 6 were very similar to one another while Options 4a, 5a and 6a were trying to represent Council setting up the longer term amortization for the taxable piece, but were able to pay it off and the more realistic or resulting cash flows of doing that.

Mr. Cole reviewed page 12, Sensitivity of Rolling/Terming Out Short Term Taxable Note. (Options 1, 2 and 3). He said if the City did the one year roll, then every year they would have the rate Bank of America was currently quoting them, it would only cost \$90,000 per year. He said the City would be constantly negotiating a one year rate and if it stayed at the exact same interest rate, the City would have \$90,000 a year and they would eventually have to pay \$3.7 million back. He said columns B, C, D and E of this table demonstrates if rates went up because as the City renegotiates that roll, they would be subject to then current interest rates. He said columns F, G and H shows the short term taxable piece if the City did not pay it off early or negotiate a roll, then it terms out over a three year period. He said the City would automatically be faced with a \$1.3 million payment which would be a worst case scenario of doing the shorter term taxable pieces; it means the other options have failed. He stated columns I, J and K shows what the payments would be if the City amortizes it out over the fifteen years and made payments every year as opposed to paying it early.

Mr. Cole explained the next steps as follows:

- April 18th Council to consider Bond Order
- May 2nd LGC consideration for refunding of bonds and swap termination
- May 8th Finalize refinancing numbers, lock in interest rates and terminate swap
- May 9th Finalize documents and obtain signatures
- May 10th Close on financing

He said once the financing was closed, they would have to wait 30 days to redeem the bonds.

Consideration of Adoption of Bond Order

Mr. Lee stated Council received two bond orders for their review and consideration (Alternative 1 and Alternative 2). He explained when Bank of America first made their proposal their only option was the tax-exempt deal for 15 years and a short term option for the taxable deal; the longer term taxable deal was not originally offered. He said on account of conversations with staff and the Davenport & Company, Bank of America then came forward with the 15 year option. He said they wanted to get input from Council on whether they liked the long term 15 year fixed rate on the taxable piece which can be paid down anytime (Alternative 2) or Alternative 1 which was the original.

He requested Council give him some direction and adopt one of the two bond orders. He stated if Council could give a preference on which of the two, he would then proceed with more about the bond order. He said Alternative 1 was the short term taxable loan that would have the term out provision that would have a lower interest rate but it does expose the City if the Theatre was not sold and they had to deal with Bank of America later, it could be very expensive. He said Alternative 2 was the taxable 15 year long term loan with a fixed interest rate that would not change, but a higher rate.

Councilman Smith said he was looking at the two year instead of going with the fifteen year because the City would have a bigger savings plus he felt the Theatre would be sold within the next two years.

Mr. Lee clarified that would be Bond Order Alternative 1, Option 2.

Mayor Pro Tem Ferebee stated he believed the City Manager and Finance Director have had a chance to look at it in more detail than Council so he wanted Mr. Lee's opinion and then the City Manager and/or Finance Director's opinion.

Mr. Lee said they had a conversation with the Local Government Commission staff and they have told them that whichever option the City Council wanted to take, they (LGC staff) would recommend it to the LGC board. He said the immediate take of the Secretary was to go with the 15 year option because it was the safest option although it would be more expensive for the City. Mr. Lee stated he did not disagree with that reasoning, however he did not believe anyone would fault the City if they went with the short term option.

City Manager Scherer said he would recommend Option 2 as Councilman Smith recommended because he would prefer to take the maximum amount of annual savings they could get for the budget. He said he felt they could get something done within that two year period whether it was to sell the Theatre, renegotiating with Bank of America or negotiating with local banks to assist them. He said he believed there were options and felt safe about going with Option 2. He added this still needed to be approved by the LGC board. He said they could presume they would approve it but there was not guarantee, especially with the Secretary feeling Option 4 was better for the City, which would be on May 2nd.

Councilwoman Scarbrough questioned whether the Council really had a say in the decision. City Manager Scherer replied they did up until the LGC board meets and they would determine whether it would be financially feasible for the City to do it.

Mr. Lee explained the Council would make the decision tonight that would be subject to the approval of the LGC board in their meeting on May 2nd. He said however the LGC staff has told them whatever the City Council wanted to do was what they would recommend. He said the LGC board can say they did not like that.

Councilman Smith asked for Attorney Chichester's opinion on the matter.

Attorney Chichester said he along with Ted Cole, Tom Lee, City Manager Scherer and Finance Director Etheridge had worked long and hard on this and it has come a long way and been through a lot of alternatives. He said they have had numerous telephone conferences that involved all of these people and the LGC. He stated the approval of the LGC was very important; he said the City cannot do it without their approval. He said the lead person with the LGC they had been dealing with was Greg Gaskins and in their last telephone conference the question was asked what his preference was. He said Mr. Gaskins replied that his personal preference was the long term financing, the fifteen year taxable loan, but he could get behind whichever one the Council wanted. He said he and City Manager Scherer talked again yesterday and the City Manager asked him to call back to the LGC office to confirm that today. He said he spoke with Tim Romocki and asked if the Council chose Alternative 1, Option 2 would they recommend that to the LGC and he said they would. He said based upon that and what he knew, he would recommend as the City's attorney Alternative 1, Option 2. He said he recognizes there was some additional risk involved with that, but he felt the City could deal with the short term on the 2 year option.

Mayor Pro Tem Ferebee asked for clarification on the dollar difference between the 2 year and 3 year option. Mr. Cole replied the 2 year would cost approximately \$700,000 versus \$852,000 for the 3 year so approximately a \$150,000 difference.

Mayor Doughtie stated he was okay with the 2 or 3 year option. He said until the City could sell the Theatre or get some relief he would like to hold on to some of that encumbered money in case they had to pay it back. He stated the situation the City was in now, they know they could sell the Theatre for some money at some point. He said they had even discussed if they had to they could secure a small loan for the \$3.7 million so there were some options and he believed they could do it in 2-3 years. He said the City has been thrifty with its money and knowing they would have that balloon payment out there, they would prepare themselves for it. He stated he would not want the City to spend a quarter million dollars or more just paying interest on something that they did not have to, he would rather tighten their belts up like they had done for a while and be able to extinguish that debt.

Mayor Doughtie asked Council to consider a motion to adopt Alternative 1 for the issuance of Special Revenue Refunding Bonds in connection with the with the Carolina Crossroads Music & Entertainment District.

Mr. Lee explained the Bond Order was the formal legal document under which the bonds were issued. He said this was ultimately the contract between the City and the bond holders. He stated in this case the bond holder was Bank of America. He said it had all the technical terms involving the bonds themselves. He said it spells out how the interest rates would work, the maturity date of the bonds and how to extend that maturity date. He said the bonds would be secured by the City's pledge of incremental tax revenues of the special district and pledge of sales tax that the City receives from Halifax County and the State of North Carolina. He said this was how the current bonds were secured. He stated what this bond order calls for was the issuance not to exceed \$17.5 million worth of bonds which was higher than the numbers Council had heard tonight; that was a not to exceed amount. He said the amount the City would borrow would be only the amount needed for the purpose to pay off the old bonds, terminate the interest rate swap agreement and pay some costs of issuance. He said the bonds were divided into two series: tax exempt bonds (main financing) with a maturity date of 2032 and bond order not to exceed interest rate of 3.6%. He said Bank of America will not settle with them on the interest rate until two days before the settlement. He said that would be determined by City Manager Scherer in consultation with the LGC and Davenport & Company.

Mr. Lee highlighted the redemption provisions. He said the tax exempt bonds (2017A bonds) could be redeemed during the first five years, perhaps with a prepayment premium based upon what happened with interest rates, but after that they can be redeemed at any time after par and the taxable bonds (2017B bonds) can be redeemed at any time at par; with the notion if the City sells the Theatre, those proceeds would be used to pay off that loan.

City Manager Scherer asked Mr. Lee to confirm that Alternative 1 would give the City the short term options (Options 1, 2 or 3) and if so when did Council make the determination of which option. Mr. Lee replied that was correct and that could be determined up until the time the City sets the interest rate with Bank of America two days before the closing date. City Manager Scherer stated the Council did not need to approve that, they just needed to let him know what their desires were. Mr. Lee replied that was correct, they have left that determination up to the City Manager to be made a couple days before the closing date. He added the Council had elected to go with the short term alternative whether it was Option 1, 2 or 3.

Mr. Cole said he believed Council could give that direction by way of a motion now. He said the LGC may want to know whether the City wanted the 1, 2 or 3 year term.

Mr. Lee stated the Council would be adopting the Bond Order and also directing the City Manager to pursue Option 2.

Motion was made by Councilman Smith, seconded by Councilwoman Scarbrough and unanimously carried to adopt Bond Order Alternative 1 with Option 2 for the issuance of Special Revenue Refunding Bonds in connection with the Carolina Crossroads Music & Entertainment District.

Consideration of Approving a Final Authorizing Resolution

Mayor Doughtie presented Resolution No. 2017.04 as follows:

Resolution: 2017.04

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF THE CITY OF ROANOKE RAPIDS OF ITS MUSIC AND ENTERTAINMENT DISTRICT SPECIAL REVENUE REFUNDING BONDS, SERIES 2017A AND 2017B; CALLING THE CITY'S MUSIC AND ENTERTAINMENT DISTRICT SPECIAL REVENUE BONDS, SERIES 2007 FOR REDEMPTION; AND RATIFYING CERTAIN ACTIONS PREVIOUSLY TAKEN BY THE CITY IN CONNECTION WITH THE ISSUANCE THEREOF

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. 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. 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.

(b) Pursuant to a bond order (the “Order”) adopted concurrently herewith, the City has determined to issue 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.

(c) The City proposes to sell the Bonds to the Bank pursuant to the provisions of a Bond Purchase and Covenant Agreement, dated as of the date of delivery thereof (the “Bond Purchase Agreement”), between the Bank and the City, a draft of which has been presented to the City Council.

Section 2. The form, terms and provisions of the Bond Purchase Agreement are hereby approved, and the Mayor, the City Manager and the Finance Director and the City Clerk or any assistant or deputy clerk are hereby authorized and directed to execute the Bond Purchase Agreement in substantially the form presented, together with such changes, additions and deletions as the Mayor, the City Manager or the Finance Director, with the advice of counsel, may deem necessary and appropriate, including, without limitation, changes, additions and deletions necessary to incorporate the final terms of the Bonds as set forth in the Bond Purchase Agreement, such execution and delivery to be conclusive evidence of the approval and authorization in all respects of the form and content thereof.

Section 3. The Mayor, the City Manager or the Finance Director and the City Clerk, or any of their deputies, are each hereby authorized and directed (without limitation except as may be expressly set forth in this resolution) to take such action and to execute and deliver such certificates, agreements, instruments, opinions or other documents as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by this resolution, the Order or the Bond Purchase Agreement. The officers of the City and the agents and employees of the City are hereby authorized and directed to do all acts and things required of them by the provisions of this resolution, the Bonds, the Order or the Bond Purchase Agreement for the full, punctual and complete performance of the terms, covenants, provisions and agreements of the same.

Section 4. 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 redeem the Series 2007 Bonds and 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.

The City hereby requests the approval of the Secretary of the Local Government Commission to the termination of the Swap Agreement as required by G.S. 159-196(c).

Section 5. Except as hereinafter provided, the Board hereby calls the remaining Series 2007 Bonds for optional redemption on the first practicable date for which notice of redemption can be given following the issuance of the Bonds. The City Manager is hereby authorized and directed to determine the appropriate date of redemption and upon such determination to prepare or cause the Trustee for the Series 2007 Bonds to prepare, notice of such redemption.

Section 6. All actions heretofore taken by the City, its officers, agents and employees in connection with the transactions described in this resolution are hereby ratified by the City Council as of this date.

Section 7. This resolution shall take effect immediately upon its passage.

ADOPTED this 18th day of April, 2017.

Emery G. Doughtie, Mayor

ATTEST:

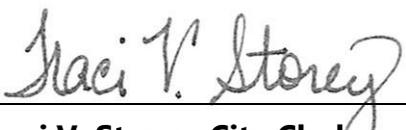
Traci V. Storey, City Clerk

Motion was made by Councilman Smith, seconded by Councilman Bobbitt and unanimously carried to approve Resolution 2017.04.

Other Business/Comments by Council Members

Motion was made by Councilwoman Scarbrough, seconded by Councilman Smith and unanimously carried to excuse all Department Heads including the City Manager from giving their reports.

There being no further business, motion was made by Councilwoman Scarbrough, seconded by Councilman Bobbitt and unanimously carried to adjourn.



Traci V. Storey, City Clerk

Approved by Council Action on: 5/2/2017