

**FAYETTEVILLE CITY COUNCIL  
REGULAR MEETING MINUTES  
CITY HALL COUNCIL CHAMBER  
APRIL 27, 2015  
7:00 P.M.**

Present: Mayor Nat Robertson

Council Members Kathy Jensen (District 1); Kady-Ann Davy (District 2); H. Mitchell Colvin, Jr. (District 3); Chalmers McDougald (District 4); Robert T. Hurst, Jr. (District 5); William J. L. Crisp (District 6); Larry O. Wright, Sr. (District 7); Theodore Mohn (District 8); James W. Arp, Jr. (District 9)

Others Present:

Theodore Voorhees, City Manager  
Karen McDonald, City Attorney  
Kristoff Bauer, Deputy City Manager  
Rochelle Small-Toney, Deputy City Manager  
Jay Reinstein, Assistant City Manager  
Harold Medlock, Police Chief  
Ben Major, Fire Chief  
Lisa Smith, Chief Financial Officer  
Michael Gibson, Parks, Recreation and Maintenance Director  
Victor Sharpe, Community Development Director  
Kecia Parker, Real Estate Manager  
Scott Shuford, Development Services Director  
Craig Harmon, Senior Planner  
Kevin Arata, Corporate Communications Director  
Mark Brown, PWC Utilities Director  
Dawn Driggers, Fayetteville Metropolitan Housing Authority Manager  
Jim Smith, United Management/Development  
Murray Duggins, United Management/Development  
Pamela Megill, City Clerk  
Members of the Press

**1.0 CALL TO ORDER**

Mayor Robertson called the meeting to order.

**2.0 INVOCATION**

The invocation was offered by Pastor Alexie Alejandro, Audacity Church.

**3.0 PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance to the American Flag was led by Mayor Robertson and City Council.

**4.0 ANNOUNCEMENTS AND RECOGNITION**

Council Member Hurst announced the Community Café Conversation events were scheduled for May 11, May 12, May 14, and June 14, 2015.

**5.0 APPROVAL OF AGENDA**

**MOTION: Mayor Pro Tem Davy moved to approve the agenda.**

**SECOND: Council Member Wright**

**VOTE: UNANIMOUS (10-0)**

**6.0 CONSENT**

**MOTION: Council Member Mohn moved to approve the consent agenda.**

**SECOND: Council Member McDougald**

**VOTE: UNANIMOUS (10-0)**

**6.1 Approval of Meeting Minutes:**

**March 23, 2015 - Regular**

**April 7, 2015 - Work Session**

**April 13, 2015 - Regular**

**6.2 Bid recommendation for Water and Water Reclamation Chemical, Ferric Sulfate Liquid, awarded to Kemira Water, Lawrence, KS, the lowest responsive, responsible bidder in the total amount of \$715,200.00.**

Bids were received on March 10, 2015, as follows:

Kemira Water Solutions, Lawrence, KS..... \$715,200.00

Pencoco, Inc., San Felipe, TX..... \$825,600.00

**6.3 Bid recommendation for Water and Water Reclamation Chemical, 50% Caustic Soda, awarded to Univar USA Inc., Morrisville, PA, the lowest responsive, responsible bidder in the total amount of \$470,718.00.**

Bids were received on March 10, 2015, as follows:

Univar USA Inc., Morrisville, PA..... \$470,718.00

Suffolk Solutions, Suffolk, VA..... \$514,372.00

JCI Jones Chemicals, Charlotte, NC..... \$553,150.00

**6.4 Bid recommendation for Water and Water Reclamation Chemical, 15% Sodium Hypochlorite, awarded to Oltrin Solutions, LLC, Hamlet, NC, the lowest responsive, responsible bidder in the total amount of \$403,000.00.**

Bids were received on March 10, 2015, as follows:

Oltrin Solutions, LLC, Hamlet, NC..... \$403,000.00

JCI Jones Chemicals, Charlotte, NC..... \$411,450.00

**6.5 Uninhabitable Structures Demolition Recommendations**

**1229 Coley Drive, District 2**

**AN ORDINANCE OF THE CITY COUNCIL OF FAYETTEVILLE, NORTH CAROLINA, REQUIRING THE CITY BUILDING INSPECTOR TO CORRECT CONDITIONS WITH RESPECT TO, OR TO DEMOLISH AND REMOVE A STRUCTURE PURSUANT TO THE DWELLINGS AND BUILDINGS MINIMUM STANDARDS CODE OF THE CITY (1229 Coley Drive, PIN # 0438-01-9136). ORDINANCE NO. NS2015-016**

**6.6 Board Consolidation Ordinances**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE AMENDING CHAPTER 14, ARTICLES I and V, TO DISSOLVE THE “BOARD OF APPEALS ON DWELLINGS AND BUILDINGS” AND THE “RESIDENTIAL RENTAL PROPERTY REVIEW BOARD” AND TO ESTABLISH A “BOARD OF APPEALS”, OF THE CODE OF ORDINANCES OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA. ORDINANCE NO. S2015-005**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE AMENDING ORDINANCE NO. S2015-001, CHAPTER 26, TAXICAB, OF THE CODE OF ORDINANCES OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA. ORDINANCE NO. S2015-006**

**6.7 Approval of Lease for 913 Person Street to True Vine Ministries World Outreach Fellowship**

Council authorized the City Manager to enter into a lease agreement with True Vine Ministries World Outreach Fellowship beginning on May 10, 2015, for the public purpose of operating a homeless shelter.

**6.8 City Sponsorship for Run for the Wall 2015**

Council authorized the waiver of all fees related to the Run for the Wall event and approved ongoing sponsorship of the Run for the Wall.

**7.0 REPORTS FROM BOARDS AND COMMISSIONS**

**7.1 Fayetteville Firemen’s Relief Board, Board of Trustees**

Mr. Benjamin Nichols, retired Fire Chief, Fayetteville Firemen’s Relief Board Chair, stated he is proud to give recognition to our Fire Department. He announced the Insurance Services Office (ISO), the national insurance industry rating agency, has issued the City of Fayetteville with a rating designation of ISO Class 1. This is the highest designation on the 10-point scale. Fayetteville joins Greensboro and High Point as the third ISO Class 1 city in the state of North Carolina. What this means to the public, is the City has a first class fire department, dispatched by a first class 911 system team and is supported in fire suppression by a first class water

system that has the capacity and maintenance practices that ensure public protection. Industrial and commercial insurance policies may be eligible, starting July 1, 2015, for potential rate reductions due to this change in rating from ISO Class 2 to ISO Class 1.

Mr. Nichols presented the Fayetteville Firemen's Relief Board annual report.

## **7.2 2014 Annual Report, Historic Resources Commission**

Ms. Pat Wright, Historic Resources Commission Acting Chair, presented the Historic Resources Commission 2014 Annual Report.

## **7.3 2014 Annual Report, Linear Park Corporation Commission**

Mr. Harry Shaw, Linear Park Corporation Commission President, presented the Linear Park Corporation Commission 2014 Annual Report.

## **7.4 2014 Annual Report, Fayetteville-Cumberland Parks and Recreation Commission**

Mr. Robert Lintz, Fayetteville-Cumberland Parks and Recreation Commission Chair, presented the Fayetteville-Cumberland Parks and Recreation Commission 2014 Annual Report.

## **8.0 STAFF REPORTS**

### **8.1 Fayetteville Police Department Staffing and Crime Statistical Update**

Mr. Harold Medlock, Police Chief, presented this item with the aid of a PowerPoint presentation and stated the statistics are from the first 90 days of 2015. Chief Medlock stated the Police Department is struggling with the aggravated assaults; showing a 5.4 percent increase, however, homicide is down by 50 percent. Chief Medlock provided statistics on the following crimes: homicide, rape, robbery, aggravated assault, burglary, larceny, motor vehicle theft. Chief Medlock addressed staffing levels and stated attrition is a significant factor in staffing levels. The following staffing statistics were provided: Police Chief – 1, Assistant Chief – 3, Captain – 8, Lieutenant - 17, Sergeant – 50, Police Officer – 327, for a total of 406. He advised 41 Police Officers are currently in training status.

Council Member Jensen asked how many sworn officers were in place at the end of last fiscal year. Chief Medlock responded 386 officers.

Council Member Wright asked what the diversity figures are for the force. Chief Medlock responded it is approximately 28 percent African American and 62 percent white.

Council Member Wright stated our community is very diverse. Chief Medlock stated the Police Department has doubled their efforts to achieve a diverse force. Council Member Wright thanked Chief Medlock for his good work.

Council Member Colvin stated the Police Department is doing a great job. He questioned the attrition rate. Chief Medlock stated the rate of attrition has hampered the hiring efforts. Chief Medlock stated he will not sacrifice quality for quantity in the hiring process.

Council Member McDougald recognized Chief Medlock for his resourcefulness and for thinking outside of the box. He stated the Chief taking the time to find the right people for the job is the right approach.

Council Member Mohn stated hiring the additional police officers is a two-year hiring project.

Council Member Crisp stated he attended the last three police officer graduating classes and was very impressed with the diversity and education level of the graduates; many of the graduates had bachelor degrees.

Mayor Pro Tem Davy asked what the Council can do to assist with the recruiting process. Chief Medlock responded to reach out and ask those great young folks to apply!

Council Member Arp asked what it will take to increase the recruit classes from two to four per year. Chief Medlock responded starting recruit classes with fewer candidates (possibly 12); not waiting until we have 25. Chief Medlock stated we have a very good lateral program, but officers from other departments are holding back, because they are unsure of potential changes to the step plan. He further stated he would like to have the Police Pay Plan settled once and for all, and said the City of Fayetteville is a good place for a police officer to work. Council Member Arp thanked Chief Medlock and the Department for all of their hard work.

Council Member Colvin asked for an update on body cameras. Chief Medlock stated the decision for which device to purchase is down to two companies, funding may be possible from grant monies and drug forfeiture monies. Chief Medlock stated his goal is to have all patrol

officers equipped by the end of 2015.

Council Member Jensen asked what the youngest age a person can attend recruit school. Chief Medlock responded age 20, but they have to be 21 years of age to become a sworn officer. Council Member Jensen thanked Chief Medlock for all he does.

This item was for information and discussion purposes only, no action was taken.

## **10.0 PUBLIC HEARINGS**

### **10.1 P15-08F. The issuing of a Special Use Permit for a Crematory to be located at 6701 Raeford Road, and being the property of Lafayette Cemetery Park Corporation.**

Mr. Craig Harmon, Senior Planner, presented this item and stated this property is located on the south side of Raeford Road, across from 71st High School. There is currently a wooded area on the west side of this property where the owner would like to build a funeral home with a crematory as part of the facilities. This new building would be adjacent to a Pizza Hut restaurant. The applicant has provided several attachments regarding the environmental safety of crematories. Mr. Harmon stated the conditions of approval are:

- (1) The attached site plan.
- (2) Parking lot with approximately 80 spaces plus stacking area.

Mr. Harmon stated on March 10, 2015, the Zoning Commission held a public hearing on this case. There was one speaker in favor and none in opposition. The Commission voted 5 to 0 to recommend approval.

Mr. Harmon stated the Zoning Commission and City staff recommends approval of the proposed rezoning based on:

1. The City's Land Use Plan calls for heavy commercial use on this section of the property.
2. Based on the technical data provided by the applicant.
3. The proposed use is complementary to the cemetery that is also located on this property.

Mr. Harmon stated the Special Use Permit must meet the following findings of fact:

1. The special use complies with all applicable standards in Section 30-4.C, Use-Specific Standards;
2. The special use is compatible with the character of surrounding lands and the uses permitted in the zoning district(s) of surrounding lands;
3. The special use avoids significant adverse impact on surrounding lands regarding service delivery, parking, loading, odors, noise, glare, and vibration;
4. The special use is configured to minimize adverse effects, including visual impacts of the proposed use on adjacent lands;
5. The special use avoids significant deterioration of water and air resources, wildlife habitat, scenic resources, and other natural resources;
6. The special use maintains safe ingress and egress onto the site and safe road conditions around the site;
7. The special use allows for the protection of property values and the ability of neighboring lands to develop the uses permitted in the zoning district; and
8. The special use complies with all other relevant City, State, and Federal laws and regulations.

This is the advertised public hearing set for this date and time. The public hearing was opened.

Mr. Russ Karasch, 233 34th Avenue South, Waite Park, MN 56387, stated he is the owner of Keystone Funeral Design Built. Mr. Karasch spoke in favor of the Special Use Permit request.

There being no one further to speak, the public hearing was closed.

**MOTION: Council Member Wright moved to approve the Special Use Permit for a crematory with the conditions as presented by staff, and that the permit is consistent with applicable plans because (1) the City's Land Use Plan calls for heavy commercial development, (2) that the Special Use Permit will put further restrictions on this property above those required in the LC/CZ district, and (3) the Special Use Permit is reasonable and in the public interest because the proposed use fits with the character of the area, and upon a finding that all of the eight standards identified by staff are met.**

**SECOND: Council Member McDougald**

**VOTE: UNANIMOUS (10-0)**

### **10.2 PWC - Phase 5 Annexation Areas 14 and 15 Public Hearing**

Mr. Mark Brown, PWC Utilities Director, presented this item with a PowerPoint presentation and stated City Council approved the Resolution Declaring Cost and Ordering Preparation of Preliminary Assessment Roll and Setting Time and Place for Public Hearing on Preliminary Assessment Roll at their meeting on April 13, 2015. The resolution set the date of the public hearing for April 27, 2015, to hear public comment. A notice was published in The Fayetteville Observer and the preliminary assessment letters were mailed April 16, 2015, informing the property owners of the public hearing date. After the public hearing, the next step in the process is for Council to consider approving the Resolution Confirming Assessment Roll and Levying Assessments at their May 11, 2015, meeting. Mr. Brown displayed a map of Areas 14 and 15 and stated the total project cost is \$5,497,323.00 for 399 parcels served. A typical single-family residential lot is assessed \$5,000.00 and non-single family residential properties a per front foot rate of \$55.56 with a 90 foot minimum plus the area average lateral charge of \$1,419.00. Mr. Brown stated he wished to clarify that continuing this assessment method for Areas 14 and 15 will not add any cost to the City's general fund. The payment options are residents may pay in full with no interest paid if they pay within 30 days of the notice. The financing terms are a 10-year term with an interest rate of 5.25 percent (by a policy Council established last year), payments made in annual or monthly installments.

Mayor Robertson asked if these two projects will be assessed the same way as they have been in the past. Mr. Brown confirmed they would be with no additional charge to the City's general fund.

Council Member Crisp asked if the assessment will change for Areas 16, 17, 18, and 19. Mr. Brown stated Areas 16 and 17 are in preliminary design phase by direction of City Council in June of last year, and so the assessment for those areas will not change. Areas 18 and 19 have not yet been committed.

This is the advertised public hearing set for this date and time. The public hearing was opened.

Mr. Joseph Shackelford, 1632 Berriedale Drive, Fayetteville, NC 28304, appeared in opposition and asked what the City is doing for the people that are less fortunate and unable to pay the assessment.

Ms. Linda Martin, 610 East 5th Street, Lumberton, NC 28358, appeared in opposition and stated the land she has been assessed is land that she inherited and is without property located on it.

Mr. Joshua Kraft, 1705 Pawtucket Place, Fayetteville, NC 28304, appeared in opposition and stated his property is a duplex, and stated he was deployed when the notification letters were sent out, and the letters were sent to his tenants.

There being no one further to speak, the public hearing was closed.

**MOTION: Council Member Mohn moved to consider approving the Resolution Confirming the Assessment Roll and Levying Assessments at the May 11, 2015, regular City Council meeting.**

**SECOND: Council Member Crisp**

**VOTE: UNANIMOUS (10-0)**

### **10.0 OTHER ITEMS OF BUSINESS**

#### **10.1 Consideration of the 2015-2019 Consolidated Plan and 2015-2016 Annual Action Plan**

Mr. Victor Sharpe, Community Development Director, presented this item with the aid of a PowerPoint presentation and stated every five years the City is required to update its Community Development Consolidated Plan. The proposed 2015-2019 Consolidated Plan has been updated to reflect the current needs of the community. The City is also required to prepare an Annual Action Plan that reflects the goals and objectives of the Consolidated Plan. The Consolidated Plan is designed to address the areas of decent affordable housing, suitable living environments and economic opportunities. The Annual Action Plan contains goals and

objectives and describes projects and activities that implement strategies established in the Consolidated Plan. It sets forth a description of activities for the use of funds that are expected to become available in the upcoming fiscal year. In an effort to provide citizens an opportunity to participate in the process of developing our Annual Action Plan, the Community Development Staff held a series of five citizen participation meetings in various locations throughout the City.

City staff held a public hearing on March 19, 2015, and the Fayetteville Redevelopment Commission held a public hearing on April 9, 2015. The 2015-2016 Annual Action Plan has a proposed budget of \$3,434,462.00. A copy of the proposed projects and programs to be funded has been provided. A draft copy of the action plan has been made available in various locations for review and comments for 30 days from April 3, 2015, to May 2, 2015. Ms. Karen Dash of Karen Dash Consulting, Inc., was hired jointly by the City and County Community Development Departments to develop the Housing & Homeless Needs Assessment, Housing Market Analysis and Analysis of Impediments to FairHousing. The Fayetteville Redevelopment Commission recommends approval of the Consolidated Plan and Annual Action Plan.

The 2015-2019 Consolidated Plan focuses on the following goals:

Goal 1. Decent Affordable Housing: Provide decent, safe and affordable housing to improve the quality of lives, households, neighborhoods and community stability.

- Objective 1.1: Preserve, improve and expand the supply of affordable housing for low- to moderate-income homeowners and renters.
- Objective 1.2: Increase homeownership opportunities.
- Objective 1.3: Create suitable living environments that promote access to quality housing, elimination of blight and the acquisition of land for future affordable housing.

Goal 2. Suitable Living Environments: Create environments that promote neighborhood improvement, eliminate slum and blight, increase accessibility and support the homeless.

- Objective 2.1: Provide support to the City's efforts to extend water and sewer to newly annexed areas, pave remaining streets and various community improvements.
- Objective 2.2: Support homeless programs and service providers to reduce the number of homeless while increasing their independence and self-sufficiency.
- Objective 2.3: Provide programs that eliminate slum and blight and increase the appearance of neighborhoods.

Goal 3. Economic Opportunities: Create community investment programs designed to support entrepreneurship, economic empowerment, retention of businesses and job creation opportunities.

- Objective 3.1: Provide loan and grant programs to support the development and expansion of small businesses.
- Objective 3.2: Create job opportunities through entrepreneurship training, job skills training and the coordination of community resources.

Mr. Sharpe concluded his presentation by stating the HOME Investment Partnership Grant requires a match in the amount of \$68,000.00. Additionally, the CDBG grant reimburses the City \$144,222.00 for cost allocation. Mr. Sharpe provided a list of funding sources and projects costs.

Council Member Mohn questioned the new definition for counting the number of homeless. Mr. Sharpe responded a new HUD definition was put in place, and as a result the numbers dropped significantly; the number is actually more than we can count.

A question and answer session ensued.

**MOTION: Council Member McDougald moved to approve the proposed 2015-2019 Consolidated Plan and 2015-2016 Annual Action Plan.**

**SECOND: Council Member Wright**

**VOTE: UNANIMOUS (10-0)**

**10.2 Consideration of an amendment to the MBM Hospitality Economic Development Incentive Agreement.**

Mr. Victor Sharpe, Community Development Director, presented this item with the aid of a PowerPoint presentation and stated recently changes were made by the Cumberland County Tax Administration to reduce the assessed value of the MBM Hospitality property based on an

appeal by the owner. These changes affect the direct investment amount required by the City's Economic Development Incentive Agreement. City Council approved an amendment to an incentive agreement on April 28, 2014, for the Embassy Suites Hotel and Conference Center located at 4760 Lake Valley Drive, now known as Parcel No. 0418-04-4127, reducing the original direct investment threshold from \$25 million to \$22 million. City Council approved the original incentive agreement on September 13, 2010. The incentive offers a property tax grant back under the Economic Development Incentive Program as administered by the Fayetteville-Cumberland County Chamber of Commerce. This incentive was approved for five years at the rate of 70 percent for the first year with a 5 percent reduction each subsequent year with a final rate of 50 percent for the fifth year of the amount of property taxes paid. The total project cost was projected correctly at \$30 million. Once completed the original agreement states the project was to consist of a direct investment of at least \$25 million. The agreement defines the direct investment as the cumulative total of the increase in taxable ad valorem value of all land, buildings, real property improvements, furniture, fixtures, and equipment purchased as part of the project. Based on the assessed values as provided by the Cumberland County tax records, the total increase in taxable value resulted in \$22,017,772.00 which justifies the reduction of the direct investment amount requested for the first amendment. The County Tax Administration Office notified the City in March that the property owner made an appeal to the Cumberland County Board of Equalization and Review in August 2013 for tax year 2013 and they agreed to reduce the property value from \$18,278,400.00 to \$14,000,000.00 for 2014 and the preceding year. Based on the new assessed value, the amount of direct investment for 2014 is \$17,379,737.00. The First Amendment to the Agreement changes the direct investment to \$22 million and with the reduction in value of the real property it has reduced the direct investment to \$17,379,737.00. Therefore the property owner is out of compliance with the existing agreement.

**MOTION: Council Member Crisp moved to approve an addendum to the current signed agreement that changes the required direct investment from \$22 million to \$17 million, approve the net grant award at \$41,245.94, and authorize the City Manager to execute documents pertaining to the agreement.**

**SECOND: Council Member Wright**

**VOTE: UNANIMOUS (10-0)**

### **10.3 Consideration of a request from Fayetteville Metropolitan Housing Authority for financial assistance in the revitalization of the Grove View Terrace Community.**

Mr. Victor Sharpe, Community Development Director, presented this item and stated the Fayetteville Metropolitan Housing Authority (FMHA) has requested from the City of Fayetteville the commitment of a loan in the amount of \$3 million for the revitalization of the Grove View Terrace community. This project consists of the demolition of the 216 existing Grove View Terrace units with 276 units being built back on the site. FMHA has been approved for the Rental Assistance Demonstration (RAD) program through the Department of Housing and Urban Development (HUD). The RAD was created in order to give public housing authorities (PHA) an opportunity to preserve and improve public housing properties. RAD also gives PHAs the opportunity to enter into long-term contracts that facilitate the financing of improvements. RAD allows public housing agencies to leverage public and private debt and equity in order to reinvest in the public housing stock. FMHA will partner with United Developers to redevelop the Grove View Terrace community. This project represents a \$35 million redevelopment initiative that involves relocation, demolition and new construction. FMHA has requested the City to assist with the financing of the Grove View Terrace Revitalization Project. The recommended source of the loan to FMHA will require a shorter term for repayment with interest than what FMHA has requested. FMHA has requested a 47 year term for repayment of the proposed loan.

It is proposed that the City obtain the necessary funds as an internal loan from its Risk Management Fund. The City's Risk Management Fund is used to fund the City's health insurance program. Contributions to the HOPE VI Revitalization Project were made in part based upon the projected return from the increased tax value that was created as a result of the project. The scenario is different with the Grove View Terrace Project due to the fact that this

project will not be taxable. This is important because the City used this premise in calculating the return on its investment for repayment purposes. With the expansion of public housing units, it is recommended that 25 percent of the units above the 216 existing units be set aside as transitional housing for the homeless. This does not have to be a part of this development, but perhaps in the existing public housing stock. The budget impact would be up to \$3 million and will be made available during FY 17 and FY 18 as an internal loan from the City's Risk Management Fund.

Council Member Crisp asked what the recommended period of the loan is. Mr. Sharpe responded ten years.

Council Member Hurst asked if the recommended 25 percent of the units being set aside as transitional units was something that the FMHA has agreed to do. Mr. Sharpe responded he did not think the FMHA was interested in pursuing the recommendation, and further stated the FMHA is able to provide housing for people that have no income.

Council Member Hurst asked if this condition could be cause for banks not to secure the funding for the project. Mr. Sharpe said he would defer to FMHA staff to answer the question.

Council Member Colvin stated concerns regarding cash flow if a certain percentage of units are set aside and asked who would pay the rents and utilities of those properties.

Ms. Dawn Driggers, Housing Authority Manager, stated the FMHA works with homeless people every day, but does not have a transition policy per se. The Grove View Terrace units are 74 years old. We are trying to increase our affordable housing units.

Mr. Jim Smith, United Management/Development, stated the FMHA is fine with the 3 percent, interest only, ten year, with a balloon payment of principal at the end of the term, if the loan is amortized the condition kills the deal; 216 units are being covered by HUD, the rents will average around \$600.00 per month.

Council Member Mohn made reference to the alternative recommended by the Chief Financial Officer; "interest only" for three years with amortization of the \$3 million in principal over the remaining seven-year period.

Mr. Ted Voorhees, City Manager, stated the Chief Financial Officer's concerns were from an operational cash flow perspective. These funds may be needed by the Risk Management Fund to pay claims for active employees and retirees within the next ten years.

Council Member Mohn asked the City Manager with the Risk Management Fund being the source of the loan and given the Chief Financial Officer's analysis, what is his opinion of the 3 percent, interest only, ten years with balloon payment of principal at the end of the term. Mr. Voorhees responded that he does not recommend that option.

Council Member Colvin asked Mr. Sharpe what is his definition of a public/private partnership as referenced in the comprehensive plan. Mr. Sharpe responded it is the City partnering with organizations to create affordable housing. Mr. Sharpe stated the FMHA originally asked the City to grant the requested funds, and through negotiations it became a loan.

Council Member Crisp asked when the transitional housing issue came into play. Mr. Sharpe responded with additional units coming on line, staff thought this would be a way to acquire housing for the homeless.

Council Member Jensen asked if the loan is not approved what will happen. Ms. Driggers responded the complex is 74 years old and requires a substantial amount of maintenance.

Council Member McDougald asked if over the course of ten years no payment is made toward the principal, how the FMHA expects to come up with a \$3 million balloon payment at the end of the term. Mr. Jim Smith responded the funds will become available through cash flow, developer fee, and development funds being repaid from Hope VI.

Mr. Murray Duggins, United Management/Development, stated this is a \$35 million project, which is going to help 275 families. We need a letter of commitment; not a transitional housing piece! The project is being put together by bond lawyers and Wells Fargo. We have to make this thing work and make it happen.

Council Member Wright asked the make-up of people that reside in the Grove View Terrace complex. Ms. Driggers responded there are 431 people living in Grove View Terrace as of



today, and well half of those are children.

Council Member Crisp stated \$3 million for a \$35 million project is chunk change; this is a program that will benefit the City.

**MOTION:** Mayor Pro Tem Davy moved to approve commitment of funds in the form of a loan in FY 2017 and FY 2018; up to \$3 million with a ten-year term, interest payment only at a rate of 3 percent, with a balloon payment of principal at the end of the term for the Grove View Terrace Revitalization Project.

**SECOND:** Council Member Colvin

**VOTE:** PASSED by a vote of 9 in favor to 1 in opposition (Council Member Mohn)

#### **11.0 ADJOURNMENT**

There being no further business, the meeting adjourned at 10:49 p.m.