

## CITY OF EDEN, N. C.

A special meeting of the City Council, City of Eden, was held on Thursday, November 9, 2000 at 5:00 PM in the Council Chambers, 338 West Stadium Drive. Those present for the meeting were as follows:

Mayor:	(arrived late)	Philip K. Price
Mayor Pro Tem:		John E. Grogan
Council Members:		Ronald H. Reynolds
		Ronald L. Janney
		Christine H. Myott
		Garry Tudor
		William W. Rorrer
		C. H. Gover
Interim City Manager:		Peter Bine
City Attorney:		Charles J. Nooe
City Clerk:		Kim J. Scott
Representatives from staff:		
Rockingham County Director of Economic Development:		Don Moss

MEETING CONVENED:

Mayor Pro Tem Grogan called the special meeting of the City Council to order and welcomed those in attendance.

Public Hearing to consider approval of an appropriation from its General Fund in an amount not to exceed \$148,754.04 for the costs of building renovations and other improvements to aid and encourage the location of Gildan Ustex, Inc., in Eden, North Carolina:

Mayor Pro Tem Grogan called for a public hearing and asked Mr. Don Moss, Rockingham County Economic Development Director, to come forward. He noted that Mr. Moss had presented the Council with some additional information.

Mr. Moss explained that the changes that the Council had in their documents were changes that were made since Monday, after the County Commissioners had passed the agreement, and the County Attorney had reviewed those changes. He stated that he did speak with Mr. Nooe, the City Attorney, this afternoon and he had also asked for some clarifying language. He stated that he hoped that it would be suitable for him to advise the Council to pass the agreement today.

He explained that the agreement was the same as they had discussed, the numbers had not changed. He noted that the example that the Council had in front of them was Exhibit A and explained that it was merely to clarify what might happen, should the company not meet their complete agreement.

Mr. Moss introduced Mr. Richard Beard, of Development Advisors, and also a representative of Gildan, who were both there to answer questions.

Mayor Pro Tem Grogan commented that at this time he thought that everyone would like to wait until Mr. Nooe finished reviewing the information. He stated that he thought everyone agreed as far incentives, the dollar number of \$148,754.04, with there being a four year payback with a six year guarantee, that was what had been agreed to.

Mr. Moss explained that the last two numbers in Table A reflect what their actual projected revenue stream would be for those two years, that would be their 5<sup>th</sup> and 6<sup>th</sup> year. Their first year reflects not what the last two years would be, but just what they have already paid, so if in fact, they paid that money back and did not continue, then the Council would be satisfied.

Council Member Janney questioned page 4 of 14, the city's part, he did not know where he was when they talked about 48 jobs that would be maintained through the end of capitol year 2009.

Mr. Moss replied that there were three separate levels of job creation. There would be ten jobs this year, 178 next year, and 48 jobs that last year. He stated that for clarification Mr. Nooe had

CITY OF EDEN, N.C.

A Special November 9, 2000 meeting of the City Council, continued:

245

asked him to say that 236 jobs would be maintained, which was the total number of jobs for all three years, as they wrap up, would be maintained through 2007 and then their guarantee period decreases; the 176 will be maintained through 2008 and then the 48 jobs the last year.

Council Member Janney stated that did not mean they would just have 48 jobs, that just meant they would only have to meet that requirement to which Mr. Moss replied that was correct.

Mayor Pro Tem Grogan commented that they hoped to wrap up this project, as far as investments, quicker than this agreement called for.

Mr. Moss added that he thought as they wrap up the jobs they scale down to their required level of employment because the pay out kind of goes out.

Council Member Janney asked for clarification to which Mr. Moss explained that it would wrap up like that and then scale back down. Council Member Janney agreed but if he was going to maintain 236 jobs from 2003 to 2007 and ended up with 300 jobs, was he saying that it was going to scale down because of that 300.

Mr. Moss replied no, he explained that when their financial obligation to the city, from a repayment standpoint was only that smaller number, that did not mean the company...to which Council Member Janney replied that he understood.

Council Member Tudor added that the company was not planning to fail and Mr. Moss stated that the officials had never indicated a desire for failure.

Mayor Pro Tem Grogan asked Mr. Nooe if he was comfortable with the information presented to which he replied in the affirmative.

Mayor Pro Tem Grogan then asked if anyone would like to speak in opposition. As no one came forward, he asked if anyone would like to speak in favor.

Mr. Richard Beard questioned the clarifying language and if it was something that had been reviewed by Gildan.

Mr. Moss replied that Mr. Nooe had this clarifying language and he had just finished working on it a half an hour before he arrived.

Mr. Beard explained that the reason he had asked was that he did not know if they were acting on the Performance Agreement itself and without the company knowing, he did not know if the clarifying language had any implications on the document that the Council had before them. He stated that he was not trying to hold up the process but he did not want there to be any interpretation with them, and then he went back to the company and they had a different interpretation.

Council Member Gover, referring to 4-14, questioned the dates of the employment levels.

Mr. Bine explained that what they really had were three separate employment levels and essentially three time periods. They would begin phasing in and phasing out over a six-year period, so there was a staggered phasing, beginning in 2003, a six-year period that ended in 2009. In that particular level, which was the final level of employment, there were only 48 jobs. He added that he thought that there could be more than that, but that was the minimum of the contract level of employment for that period of six years.

Mr. Nooe commented that the changes, whether Gildan understood the agreement to be as it was changed, he had no way of knowing, but he could tell them, with the changes, it was not the same as it was two days ago. He stated that two days ago, the way it was written, the company would not have had to have any property in place in the year 2000. They could have put the property, its taxable investment, on the site up to April 15<sup>th</sup>, and had that happened, the company would not have listed the taxes actually until 2002. Therefore, the city would not have received

CITY OF EDEN, N.C.

A Special November 9, 2000 meeting of the City Council, continued:

246

any revenue until the following year (2003), that would have thrown the city in arrears. Mr. Moss said that was not the intent. He stated that if that was not the intent then the agreement was what it was intended to be, but if they had meant to reverse it so that the city paid Gildan in advance, it was not the same.

Mr. Beard stated that he could understand that. He stated that he thought one of the reasons they had issue today about the ten jobs in the year 2000, at one time they were at 60 jobs at (year) 2000. The reason they took that stance was because of numerous delays in the process. Gildan was under tremendous pressure to get this operation up and running and because of the delay, it was making it harder for them to make both the employment projections and the investment projections, within basically a month and a half. He stated that with the corrections that have been made...

Mr. Nooe commented that he did not know whether there was a correction or clarification, but the next thing was the investment qualification. The way it was originally worded, the public had the impression that the company was to maintain a tax base of its investment so that it kept going up so that it would be maintained through December 31<sup>st</sup>, and that was not his understanding, and he did not believe it was Mr. Moss's. He stated that he had gone in and the provisions were that it would maintain that investment considering liable depreciation, which would be interpreted, adjusted for liable, might have been a better word, taxable investment adjusted for liable depreciation each year, which meant the tax revenue would be way down by the ninth year, unless the new equipment was put in there. He stated that they needed to understand that and should not be arguing a few years from now that this agreement had provided that they would have "jacked" up the taxable base each year and maintained that base, which would have meant they would have had to keep replacing equipment or pay on the basis of what the equipment was initially, in place without it being adjusted through the depreciation.

Mr. Beard stated that they did not think that it would be fair and equitable...

Mr. Nooe replied that he did not think that was what it was supposed to be...

Mr. Beard explained that as a consultant representing the company, they have gone back and forth and this was a trying exercise. He stated that the company's intent in this type of arrangement, they were not talking about up front, front loading any incentives like the distribution project, this was a pay as you go, which essentially provides the city protection, and the company was okay with that, and they certainly did not expect to receive more than what the city received.

Mr. Nooe stated that the other change that he had asked Mr. Moss to make was to make it clear that as the job level increased, it would also reach a point where it started decreasing, instead of the language in there that could be interpreted that once it reached the maximum amount that they could keep it at that level through the rest of the term of the agreement, which it was his understanding it would drop back. He stated that he just wanted that clear so that everyone on the Council would know that when they come down to the end of this agreement, and there would not necessarily be 236 employees, because if they started leaving they did not want people to say that they had an agreement and once it got to 236 it should stay at that level.

Mayor Price came into the meeting at this time.

Mr. Beard introduced Mr. Harold Moore, who was the Director of US Textiles Operations as he would be operating the facility and moving to the area.

Mayor Price asked if there were any other questions or comments. As there were none, he declared the public hearing closed.

Closed Session:

Mayor Price called for a short closed session according to G.S. 143-318.11(a)(4) for discussion of matters relating to the location and expansion of an industry, including an agreement on a

CITY OF EDEN, N.C.

A Special November 9, 2000 meeting of the City Council, continued:

247

tentative of economic development incentives that may be offered by the public body in negotiations.

A motion was made by Council Member Janney seconded by Council Member Gover for a closed session according to G.S. 143-318.11(a)(4) for discussion of matters relating to the location and expansion of an industry, including an agreement on a tentative of economic development incentives that may be offered by the public body in negotiations. All Council Members voted in favor of this motion.

Open Session:

A motion was made by Council Member Grogan seconded by Council Member Gover to return to Open Session. All Council Members voted in favor of this motion.

Performance Agreement:

Mayor Price explained that the next order of business was consideration of approval of a performance agreement to pay incentives to Gildan, USTex, Inc., in exchange for the creation of jobs and capital investments.

A motion was made by Council Member Tudor seconded by Council Member Janney to approve the performance agreement as presented. All Council Members voted in favor of this motion.

Mayor Price welcomed Mr. Harold Moore, Director of US Textiles Operations, to Eden.

Mr. Moore replied that he was excited about it and looking forward to working with the community and the county. He also welcomed each one of them out to the facility.

Designation of Interim Finance Director:

Mayor Price explained that the next item was the designation of an Interim Finance Director.

A motion was made by Council Member Grogan seconded by Council Member Myott to approve the Interim Finance Officer (Mrs. Linda Jeffries).

Council Member Janney asked who they were going to approve to which Mr. Bine explained that the Government Commission and the Institute of Government recommended that they designate a Finance Officer, and he suggested that Linda Jeffries be designated as she did work in finance. He added that in the last several weeks they had worked closely together regarding investments to payroll, to payables, etc.

Council Member Janney stated that he had not heard anything about this until he picked up the morning paper. He asked what the deal was and Council Member Grogan replied that someone had to be in charge.

Mayor Price explained that the paper somehow got the information and he referred them to Mr. Bine as he was the one in charge. He stated that he guessed they got the information from the agenda.

Council Member Janney pointed out that there was no name on the agenda and Council Member Grogan stated that if it were legal, he would like to see that the agenda not go out to the news media before the Council received it.

Mr. Bine explained that they received the name from him (Mr. Bine).

There was more brief discussion regarding the news media and others receiving the name of the person to be designated before it were made known to the Council.

CITY OF EDEN, N.C.

A Special November 9, 2000 meeting of the City Council, continued:

248

Mr. Nooe stated that he was a little confused as to why it was on the agenda if the Interim City Manager had the authority to appoint the Finance Officer.

Mr. Bine explained that since the departure of Mr. Sharp, someone had to handle the city's finances on an eight hour a day basis. Before Mr. Sharp's departure, he had met with Mrs. Jeffries, and they worked out an assignment of responsibilities and they were subsequently reviewed by the auditor to make sure that there were proper checks and balances. He stated that they also amended the signatory authority in the banks, to make sure that a former employee was not inappropriately maintaining authority with access to public funds. A lot of those things had to be undertaken and the reason they had to designate someone, and he would prefer to have it acknowledged by Council, was that there were contacts that were made by the Board of Government Commission on a fairly regular basis and they needed to know who to come to. He suggested that Mrs. Jeffries be the person, and supported by the Interim Manager or City Manager, whoever he or she may be, until a Finance Officer was selected.

Council Member Janney stated that he knew some things that went on with their previous Human Relations person and this lady. He stated that another point, it was just appalling to him that he could receive a call about a dog drinking stale water, but he did not even get a call about a change in the city staff.

Council Member Janney asked if the pay would be 5%.

There was a question as to if there was a need for a motion to which Mr. Nooe explained that the Council should designate an interim.

A motion was made by Council Member Grogan seconded by Council Member Myott to appoint Mrs. Linda Jeffries as the Interim Finance Officer.

Council Member Reynolds asked to refrain from voting due to the fact that Mrs. Jeffries was his cousin.

Council Member Gover asked how many positions they had that required interim services. He asked if the Human Resources person was under that service.

Mr. Bine replied that they have not designated a Human Resources person as it was being handled by the remaining person in Human Resources and the City Manager's office.

Council Member Gover asked if that person was being compensated to which Mr. Nooe explained that he could find the answers in the city's statutes.

Action on the motion was as follows: All Council Members, with the exception of Council Member Reynolds, voted in favor of this motion.

Finance Committee Discussed:

Mayor Price explained that he had two people who had agreed to serve on the Finance Committee and he asked if he could bring those names to them for consideration.

Council Member Janney replied that they did not have a Finance Committee.

Council Member Grogan disagreed and pointed out that he and Council Member Janney were the Finance Committee.

Council Member Janney agreed, but there was no one from the public involved in it.

Mayor Price replied that over the years there have been and he had two people who were willing to serve. He asked if anyone had a problem with it.

CITY OF EDEN, N.C.

A Special November 9, 2000 meeting of the City Council, continued:

249

Council Member Janney replied that if someone in there wanted to volunteer for it as he still said that it was not the Mayor's job to do that.

Mayor Price explained that his position was to bring them forward and if they wanted to approve them fine, but if they wanted to talk about it they had to have a unanimous consent to bring something up.

Council Member Rorrer asked if he was talking about reestablishing the Finance Committee.

Mayor Price replied that it had never gone away, to which Council Member Rorrer replied that the Council voted to do away with it and Council Member Janney agreed.

Council Member Rorrer referred the question to City Clerk, Kim Scott, who replied that she thought that the Council had decided to make themselves the Finance Committee.

Council Member Rorrer stated that they needed to look at the minutes.

Council Member Grogan stated that they did that and then at a later date they brought the Finance Committee back up, and he and Council Member Janney were appointed to it.

Council Member Rorrer replied that they agreed for them to go over this thing regularly, but there was not a Finance Committee up there.

Mayor Price stated that he would bring it up at the regular meeting.

Mr. Nooe commented that as it would come up it would need to come up for the Council to create a committee.

Closed Session:

Mayor Price explained that there would be a closed session for discussion of personnel according to G.S. 143-318.11(a)(6).

A motion was made by Council Member Tudor seconded by Council Member Myott for discussion of personnel according to G.S. 143-318.11(a)(6). All Council Members voted in favor of this motion.

Open Session:

A motion was made by Council Member Grogan seconded by Council Member Gover to return to Open Session. All Council Members voted in favor of this motion.

It was determined by Council the need to go back into Closed Session for more discussion.

Closed Session:

A motion was made by Council Member Grogan seconded by Council Member Myott to return for Closed Session for discussion of Personnel. All Council Members voted in favor of this motion.

Open Session:

A motion was made by Council Member Grogan seconded by Council Member Myott to return to Open Session. All Council Members voted in favor of this motion.

Hiring of New Interim City Manager:

Council Member Rorrer questioned if anyone else was available. He noted that Mr. Cox would be giving them one month and that bothered him.

CITY OF EDEN, N.C.

A Special November 9, 2000 meeting of the City Council, continued:

250

A motion was made by Council Member Grogan seconded by Council Member Myott that Mr. Jerry Cox be hired subject to a contract be worked out between he and the City Attorney. All Council Members voted in favor of this motion.

Adjournment:

A motion was made by Council Member Grogan seconded by Council Member Tudor to adjourn. All Council Members voted in favor of this motion.

Respectfully submitted,

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Kim J. Scott, CMC  
City Clerk

ATTEST:

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Philip K. Price  
Mayor