

CITY OF EDEN, N. C.

A special meeting of the City Council, City of Eden, was held on Thursday, September 14, 2000 at 4:00 p.m. in the Council Chambers, 338 West Stadium Drive. Those present for the meeting were as follows:

Mayor:	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, Sr.
Interim City Manager:	Peter Bine
City Attorney:	Charles J. Nooe
City Clerk:	Kim J. Scott

Representatives from City Departments:

Representatives from news media:	Reid Baer, <u>The Daily News</u> ,
	Leslie Brown, <u>Greensboro News and Record</u>

MEETING CONVENED:

Mayor Price called the special meeting to order and welcomed those in attendance.

Consideration of single family rehabilitation project:

Mayor Price explained that this concerned the Howell, Sams, Hairston, Johnson, and Galloway houses. He added that the Council Members had received pertinent information concerning those which was sent out by the Code Enforcement Office.

Council Member Rorrer questioned the number of bids received on each to which Mrs. Stultz, Planning Director, explained that those were included in his packet.

Council Member Janney stated he had some questions and was probably the most vocal on this project. He stated he had been through this contract and it did not make any difference to him if they discussed it today or put it on the agenda for Tuesday's regular meeting. He stated that he would say up front that whatever he said did not affect his vote on these five houses as he was going to vote to approve them. He explained that he had some concerns regarding the current contract and he thought they needed to modify that contract.

Mayor Price explained that due to the length of the agenda for the regular meeting, it would be better to have Council Member Janney's comments now. Council Member Grogan explained that they needed to take action due to the timeframe.

Council Member Janney explained that he would vote for the houses, but he wanted to look at future work.

Mayor Price asked if the Council would be considering any of those in the next three months.

Mrs. Stultz asked if he was referring to any more new programs to which Mayor Price explained that Council Member Janney was talking about the process if the city does another one. He would like to have comment regarding changes about the process the city currently uses.

Mrs. Stultz stated the only thing she knew of was that another whole grant application that they would like to make was in the agenda packets for next week to get permission to apply for monies for the Flint Hill neighborhood. There was plenty of time for the Council to decide how it wants to administer that should the city be fortunate enough to get the money.

Minutes of the special September 14, 2000 meeting of the City Council, City of Eden, continued:

141

Council Member Janney explained that all she would do was to come to the Council saying she wants to apply for another grant. It does not say who would handle the grant for anything.

Mayor Price explained that the Council would have time prior to doing that; they could schedule a time to do it.

Council Member Janney stated he had some information that he could copy for the Council and the attorney to study and see if they want to agree with it.

Mr. Bine explained that those five houses (listed above) do not complete this particular grant project, there will be others as he understands it that will be coming up after these five are finished. He stated he sensed that Council Member Janney was interested in modifying this agreement after these five houses are completed and before they move on to any subsequent house.

Council Member Janney replied, yes sir. Mr. Bine then asked Mrs. Stultz if that was possible to do, to amend this agreement.

Mr. Nooe stated he would have to read it. He stated they could certainly change the procedure for processing the applications as to what the Council. . . adding he did not know specifically what he (Janney) would be opposed to. The Department has guidelines that the Council more or less had already approved that it could change with respect to some of the qualifications or some of the process that would not affect the contract itself or the grant, but they could change some of the procedures.

Council Member Tudor asked if the agreement was a standard type of agreement that most communities have. Mr. Michael Walser asked if he was speaking of the contract or the assistance policy to which Council Member Tudor stated he guessed he was trying to start some discussion. He stated the Council did a lot of talking about the process and program and there seemed to be a lot of dissatisfaction and questions from some Council Members so he was just curious as to if they experience this amount of dissatisfaction or questions from the other communities he deals with or was it specific to Eden.

Mr. Walser replied at this time, it was specific to Eden.

Mr. Nooe stated he would respond to that, about problems, before he (Tudor) came on the board. This Council had elected to put in some of its own guidelines. For example, they have one loan down in Draper where they have made the loan on one lot which he thought was vacant and spent approximately \$30,000 improving the house that they do not have a deed of trust on.

Mr. Nooe stated he received, one day to take to record, no input from him, a deed of trust. The deed of trust said secured note payable to him for about \$29,000. Those people did not owe him any money. The City of Eden was the trustee and the deed of trust and note supposedly was payable to him (Nooe) personally. Things like that have caused some of the Council Members to say they want some of their own guidelines to make sure that the people getting this money were first eligible for it and they should be property owners and not someone 90 years old that has a life estate and everyone else lives in New York and they spend \$30,000 on it. That was the type of thing that the procedure that the Council approved procedures that it deemed would improve the program as far as suiting what the city would like. He stated that here, for example, there was a disclosure statement to the property owner including all pertinent information that could adversely affect the owner of the property. So he took from that he (Janney) wanted to add it to the policy that the city would have a disclosure statement that the property owner would sign that the property owner understood when they accepted the benefits of this program that they were no longer free, for example, to give the property to their children if they want to become eligible for some other government benefit because if they do, they were liable to find out they would have to repay this thing. They need to understand that those sorts of things are going in place that affect their right to freely deal with their property.

Minutes of the special September 14, 2000 meeting of the City Council, City of Eden, continued:

142

Council Member Janney stated to answer some of Council Member Tudor's questions, he had been pretty vocal about it because he became concerned about it and went and talked with some property owners and they knew nothing about what was going on. They had filed the application and knew very little any more. Some of them did not know that they had to pay back anything, they thought it was a gift. That continued to get him more concerned. The more he read into it, the more he (personally) saw, they needed to protect the homeowner and that homeowner needs to know what is going on.

He further explained that it was said that they could not do a house over \$30,000., and they have argued back and forth over the price because they do things in the house to up the price close to \$30,000. Right now, they have houses \$36,000., \$32,000., to do and no one had ever said they changed anything about a contract on a house or anything, or the government has changed anyway they were doing anything until he received the last information, and he could spend more money that \$30,000. Communications is the key and the communications were lousy. That was why he questioned this and he would put the information he had in the mail and let the attorney look at it and if there was something wrong on his sheet (of information), he would be glad to change it, but they need to make sure that everyone is protected.

Council Member Rorrer stated it was obvious from what had come down before that it had been a mess, from the first three, even Benchmark admitted that in a letter that was sent out.

Council Member Gover stated they never had the assurance that Benchmark was doing their job and our people (City employees) were doing Benchmark's job and they still were not looking after their own people, so he, like Council Member Janney, wanted the people and their properties looked after and he has said that to Mrs. Stultz many times. He stated he had his experience by going back to the Board of Adjustments, the reason he went to those houses and checked them out, he wanted to make sure the people were getting what they deserved out of the grants. Also, he wanted the people to know what kinds of repairs they were having. If they go and asked one of them and they do not know what type of repairs they were getting then someone had not thoroughly went over it with them. That was his beef, they were not looking after their people.

Council Member Janney asked how much more money they had after these are approved to which Mr. Michael Walser replied he did a quick budget analysis last night and not putting any contingencies back whatsoever, assuming there are no changes orders which he was sure they would have, they were right at \$45,000 counting the hard costs in both the grant and the city's match portion.

Council Member Janney asked if he had \$45,000 left after he (Mr. Walser) was paid for his part in this to which Mr. Walser replied that the \$45,000 was just hard costs. The soft costs and adding in costs were separate line items. This was just hard costs which was rehab costs.

Council Member Janney stated that would even be (enough) for two houses.

Mr. Nooe explained that another thing that was happening and the Council tightened it up and the department has now addressed the problem was that they were lending money to people and the paper work was coming out initially that the city had to have a first lien and after it all went through Raleigh and some of them that were already done, had to get clarification, but not they were not going to require a first lien, it could be a second lien. In that first go 'round, they had a third lien. Also, in some cases they were behind judgment creditors, and in one or two cases, they may have had ten years of back taxes owed on the property when they improved it. So, the department, through the Council, has adopted certain operating procedures to try to keep things like that from happening because they could see that a person who owes money on their property and it is not worth foreclosing on and all of a sudden they add \$30,000 worth of improvements, the holder of the first deed of trust might come along and say now, he could get his money out of it and just sell the house. So they have not helped the people they wanted to help at all. That was the sort of thing the procedures have tried to tighten up in the process.

Minutes of the special September 14, 2000 meeting of the City Council, City of Eden, continued:

143

Council Member Rorrer told Mrs. Stultz that he gathered from the conversations they have had regarding this thing that she would monitor this closely and be sure that Benchmark does what their contract calls for. He stated when it was over, he would like to have a report to the Mayor and full Council, good or bad, tell is like it is.

A motion was made by Council Member Janney seconded by Council Member Gover to approved the five single family rehabs. All Council Members voted in favor of this motion.

Mayor Price noted that Council Member Janney had made some points that he thought they could add to their meeting Tuesday.

A motion was made by Council Member Grogan seconded by Council Member Reynolds to add that to the normal agenda for next month. All Council Members voted in favor of this motion. Mayor Price asked if Mr. Nooe would add his comments to this to which Mr. Nooe replied he thought they already had some of the things that have been put in to the operating procedure, but they have nothing that assures the city that the property owner has been told, and if something goes wrong, his concern was that they could come back and say, it would come up a year or two later and there is no documentation that they were specifically informed about what particular effect this would have on their ability to convey their property, give or sell it or whatever they want to do. He stated he would go back and look at what they have and come up with something that would be appropriate for a disclosure statement.

Additional Item Added: Mayor Price stated he would also like to make a notation on the agenda for next Tuesday night under old business. The first item of business, (b) was a packet of information that came from the City Engineer that the Council had asked for. That was for explanation rather than decision.

Council Member Myott asked Mrs. Stultz if that was the first time they (the city) have ever been involved in single family rehab to which Mrs. Stultz replied that they had the first one in the 1995 grant cycle. This one was the 1998 grant cycle. There were a lot of changes made when they got it the second time, and she could tell her that when they try this again, those same changes they will carry them on through. It has been a learning process.

Council Member Myott asked if the 1995 program went through fine to which Mrs. Stultz replied that there were some issues that they realized, some of the things that Mr. Nooe had said this afternoon, they discovered, that met the state's rules but were not what the Council wanted as a policy.

Announcement:

Mr. Bine announced that yesterday, he accepted the resignation of Mrs. Linda Santell, HR Director.

Council Member Janney replied that was bad news. Council Member Reynolds asked if he could say why to which Mr. Bine replied no, as it was a personnel issue and he could not discuss it.

Council Member Janney replied if he (Reynolds) would ask Mrs. Santell, then she would tell him.

Closed Session:

A motion was made by Council Member Gover seconded by Council Member Grogan for a closed session for economic development to discuss expansion of an industry according to GS 143-318.11(a)(4). All Council Members voted in favor of this motion.

CITY OF EDEN, N.C.

Minutes of the special September 14, 2000 meeting of the City Council, City of Eden, continued:

144

Open Session:

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

Adjournment:

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

Respectfully submitted,

Kim J. Scott
City Clerk, CMC

ATTEST:

Philip K. Price
Mayor