

CITY OF EDEN, N. C.

The regular meeting of the City Council, City of Eden, was held on Tuesday, June 15, 2010 at 7:30 p.m. in the Council Chambers, 308 E. Stadium Drive. Those present for the meeting were as follows:

Mayor:	John E. Grogan
Mayor Pro Tem:	Wayne Tuggle, Sr.
Council Members:	Donna Turner
	Darryl Carter
	Jerry Epps
	Gene Hagood
	Jim Burnette
	Jerry Ellis
City Manager:	Brad Corcoran
City Clerk:	Sheralene Thompson
City Attorney:	Erin Gilley
Administrative Assistant:	Deanna Hunt

Representatives from Departments:

Representatives from News Media: Latala Payne, Eden News; Roy Sawyers, RCENO

MEETING CONVENED:

Mayor Grogan called the regular meeting of the Eden City Council to order and welcomed those in attendance. He explained that the Council meets the third Tuesday of each month at 7:30 p.m. and works from a prepared agenda; however, time would be set aside for business not on the printed agenda.

INVOCATION:

Mr. Jonathan Todd, Pastor of the Draper Pentecostal Holiness Church, gave the invocation followed by the Pledge of Allegiance led by Fire Chief Bernie Moore. Mayor Grogan mentioned that this would be the last Pledge of Allegiance led by Chief Moore as he would be retiring at the end of June.

PROCLAMATIONS AND SPECIAL PRESENTATIONS:

No proclamations or presentations scheduled at this time.

SET MEETING AGENDA:

Mayor Grogan stated that there were a couple of things to add to the consent agenda: one was Item 12(l) Landscape Maintenance Contract and the other was Item 12(m) Ordinance Amendment for the Chapter 9 (City Owned Property).

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A motion was made by Council Member Epps seconded by Council Member Tuggle to set the meeting agenda with the addition of item 12(l) Landscape Maintenance Contract and Item 12(m) Amendment to Chapter 9 (City Owned Property). All Council Members voted in favor of this motion.

PUBLIC HEARINGS:

- (a) Consideration and approval of an appropriation from the General Fund in an amount not to exceed \$366,644 which will be distributed to Gildan Activewear (Eden) Inc. over a 4 year period in annual installments following the project parameters. The consideration for such incentive package shall be a contractual obligation by the Company, to invest a minimum of \$11,200,000 in net new taxable machinery and equipment and \$9,800,000 in building improvements by December 31, 2010. Such \$11,200,000 in machinery and equipment and \$9,800,000 in building improvements for the County and the City in net new taxable investment considering allowable depreciation as specified hereinabove shall be maintained through December 31, 2016. The Company currently employs 280 full-time employees. The Company agrees for the benefit of the County and the City to maintain such 280 full-time positions through direct employment for a period beginning December 31, 2010 and ending December 31, 2016.

Mayor Grogan called for a public hearing and asked Mr. Mike Dougherty, Director of Economic and Business Development to come forward with a report. *Below is a copy of the information presented to Council.*

ECONOMIC INCENTIVE PURPOSE

Expansion of the Local Economy. Incentives agreed to be paid by the Community under this Agreement are in consideration of the Company locating and maintaining within the City and the County the industrial enterprise described herein which will increase the tax base and business prospects of the City and County, as well as result in the maintenance of a substantial number of basic employment jobs in the County.

Basic Employment Jobs. "Basic Employment Jobs," for purposes of this Agreement are defined as jobs which are export-oriented or export-driven and jobs which are associated with activities that generate income from the sales of products and services in markets outside of the Rockingham County economy, and which have a multiplier effect creating additional jobs within the local economy.

Source of Funding. It is anticipated that the City and County expenditures under this Agreement shall be funded by the net new taxable value of the Company's investment under this Agreement.

Net New Taxable Value. "Net New Taxable Value," for purposes of this Agreement is defined to be that increase in the total tax value of the Location real estate and improvements listed with the Rockingham County Tax Department over and above its current total value of \$18,574,962 for real property and \$5,081,833 for personal property, which is new to the economy of Rockingham County. Under this definition, "Net New Taxable Value" would exclude any value which, by whatever means, is removed from another situs within Rockingham County to the Location. Also excluded from this definition, would be any increase in tax value resulting from revaluation of real estate or improvements

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existing at the time this Agreement is executed; however, any net increase in taxable market value of the Location resulting from improvements located thereon after the execution of this Agreement by all parties would be included.

TOTAL INCENTIVE PACKAGE

Each Community and the Company have agreed to enter into this Performance Agreement (the "Agreement"). The Community is offering to the Company a total incentive of \$789,464. The Company shall receive \$422,820 in incentives from Rockingham County and \$366,644 in incentives from the City of Eden. In return, the Company agrees to meet certain minimum investment, employment and wage requirements outlined below.

1. LOCAL LEVEL

A. ROCKINGHAM COUNTY

MACHINERY, EQUIPMENT & BUILDING IMPROVEMENTS: Rockingham County ("County") agrees to pay for Eligible Costs not to exceed \$422,820. As used herein, "Eligible Costs" shall consist of the costs of machinery, equipment and building improvements incurred by the Company at the Location described in Section 1.C. below in connection with the investment described in Section 2.A. below, which project has been approved by the Board of County Commissioners following recommendation by Rockingham County Partnership for Economic and Tourism Development. The County will reimburse the Company for such Eligible Costs over a four-year period. The first annual installment of 105,705 shall be made by February 28, 2012. The second annual installment of 105,705 shall be made by February 28, 2013. The third annual installment of 105,705 shall be made by February 28, 2014. The fourth annual installment of 105,705 shall be made by February 28, 2015.

B. CITY OF EDEN

MACHINERY, EQUIPMENT & BUILDING IMPROVEMENTS: The City of Eden ("City") agrees to pay for Eligible Costs not to exceed \$366,644. As used herein, "Eligible Costs" shall consist of the costs of machinery, equipment and building improvements incurred by the Company at the location described in Section 1.C below in connection with the investment described in Section 2.A below which project has been approved by the Eden City Council following recommendation by the Rockingham County Partnership for Economic and Tourism Development. The City will reimburse the Company for such Eligible Costs over a four-year period. The first annual installment of \$91,661 shall be made by February 28, 2012. The second annual installment of \$91,661 shall be made by February 28, 2013. The third annual installment of \$91,661 shall be made by February 28, 2014. The fourth annual installment of \$91,661 shall be made by February 28, 2015.

C. LOCATION

The Project (as defined below) will be located at 602 East Meadow Road, Eden, NC, within the existing Company facilities located on two parcels for a combined acreage of 61.89 acres, more

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or less. The tax identification numbers for these parcels are 7080-00-65-4384-00 and 7080-11-75-4758-00.

2. INDUSTRIAL INVESTMENT AND EMPLOYMENT AGREEMENT

- A. INVESTMENT QUALIFICATION:** The Company agrees for the benefit of the County and the City to invest a minimum of \$11,200,000 in net new taxable machinery and equipment and \$9,800,000 in building improvements by December 31, 2010, subject to extension as set forth in Section 2.G below (such machinery, equipment and building improvements may be referred to herein as the "Project") at the site identified in Section 1.C above. The Company also stipulates such taxable machinery and equipment shall be listed as personal property with the office of the Rockingham County Tax Assessor using Schedule 17A of the State Trending Schedule as prepared by the North Carolina Department of Revenue. More specifically this machinery and equipment shall for valuation purposes have a 10-year life with a 25% residual tax value. The \$11,200,000 investment for the County and the City in taxable machinery and equipment and \$9,800,000 in building improvements shall be in place by December 31, 2010 and listed no later than January 31, 2011, subject to the provisions of Section 2.G below or unless otherwise extended by mutual agreement of the parties; provided, that if the Project is not completed and in-service by March 1, 2011 but is subsequently completed and placed in-service by March 31, 2011, the Company shall not be in default hereunder, but each of the annual installments by City and County referenced in Section 1.A and 1.B above shall be delayed until the following year (i.e., the first installment would be made by February 28, 2013 and the final installment by February 28, 2016). Said listing and subsequent valuation shall reflect the minimum taxable investment by the Company in machinery, equipment and building improvements which shall be Net New Taxable Value and new to the economy of Rockingham County and the City of Eden. Such \$11,200,000 in machinery and equipment and \$9,800,000 in building improvements for the County and the City in Net New Taxable Value, considering allowable depreciation as specified hereinabove, shall be maintained through December 31, 2016 (subject to customary and usual replacements in the ordinary course of business). Provided, however, that should the State Trending Schedule be altered by the State of North Carolina or the applicable machinery and equipment treated by the taxing authorities other than as contemplated by the parties so as to reduce the taxable investment of the Company below the above described minimums, then the incentives paid hereunder by the County and the City shall be reduced on a pro rata basis to reflect the percentage reduction in net new taxable investment actually created by the Company pursuant to this Agreement.
- B. EMPLOYMENT QUALIFICATION:** The Company currently employs not less than 280 full-time employees. These jobs are well-paying jobs and are very important to the economy of Rockingham County. The Company agrees for the benefit of the County and the City to maintain not less than 280 full-time positions through direct employment for a period beginning December 31, 2010 and ending December 31, 2016. Full-time positions shall mean positions in which an employee works a minimum of 52 weeks and 2080 hours (with the usual adjustments for vacation, sick leave and personal time) during the course of each year January 1 through December 31 and is provided with a medical and benefits plan. It is anticipated by the County and the City that the Project described in Section 2.A above will better position the

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Company to continue to maintain a substantial number of Basic Employment Jobs within the economy of Rockingham County in the future that pay at or above the average wage levels described below.

- C. **WAGE QUALIFICATION:** To qualify for any payments available under Section 1.A, the average annual wage paid by the company at the Location (for the year in which payments were earned) must be equal to or higher than \$26,223, the current average annual wage levels for the Company's full-time employees in the City and County.
- D. **LOCAL ZONING QUALIFICATION:** The Company agrees to certify annually upon request that, to the best of its knowledge, there are no existing violations of the state building code or local zoning ordinances; payment of sums due under this Agreement is conditioned on compliance by the Company in all material respects with all such applicable state and local laws and regulations.
- E. **STATUTORY COMPLIANCE:** The Company understands that County and City participation are contingent upon compliance by the Company, County and City with N.C. General Statute 158-7.1.
- F. **BINDING EFFECT:** This Agreement and the obligations of performance contained herein shall be binding upon each Community, and the Company and its successors and assigns.
- G. **FORCE MAJEURE.** During the construction period of the Project, any delay in the performance of any of the obligations by the Company or in the achievement of the target dates set forth in Section 2 hereto shall not be considered a breach of this Agreement, and the time required for performance of such obligations or achievement of such targets shall be extended for a period equal to the period of such delay, provided, such delay (1) has been caused by or is the result of any acts of God; acts of the public enemy; insurrections; riots; embargoes; labor disputes, including strikes, lockouts, job actions or boycotts; a party's inability to obtain governmental permits or approvals necessary for the construction and operation of its facility or preparation of the site, after a good faith effort to do so; shortages of materials or energy; fires; explosions; floods; changes in laws; or other unforeseeable causes beyond the reasonable control of and arising without the fault or negligence of the party claiming such delay, and (2) shall not exceed ninety (90) days. Each party shall give prompt written notice to the other parties hereto of any such cause and shall use all reasonable efforts to mitigate the effects of such cause.

3. PROOF AND CERTIFICATION

Community and Company officials agree to furnish to the other reasonable access to their records and to furnish to the other any reports and certificates reasonably necessary to verify that each is performing its obligations under this Performance Agreement. Once the Company meets its investment and employment goals, it will no longer be obligated to provide such access to its records or furnish such reports and certificates.

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4. REMEDY

- A. COMPANY: In the event of a Community's breach or threatened breach of any provision of this Agreement, Company shall be entitled, if it so elects, to institute and prosecute proceedings in any court of competent jurisdiction, either in law or in equity to enforce the specific covenants herein.

- B. OFFSET: Each Community reserves the right to suspend or reduce any payment due to the Company under this Agreement if any water and sewer charges, ad valorem taxes, assessments or other financial obligations lawfully incurred by the Company and payable to the County and the City are not current.

- C. COMMUNITY: If the Company does not meet and maintain the aggregate investment and employment requirements set forth in Article 2 above, within the timetable set forth in this Agreement (subject to Section 2.G. above), then the Company agrees to a reduction by the County and the City of a prorata share of the sum of \$789,464 and to have its annual installments suspended or reduced by the Communities until such time that the Company is in compliance. Any prorata adjustment of annual incentive payments shall be based 50% on the Company's Investment Qualification and 50% on the Company's Employment Qualification (for example: if the actual new investment is 10% less than the Investment Qualification, and the actual new employment is 20% less than the Employment Qualification, then the annual incentive payment would be reduced by 15%. Or, if the actual new investment meets the Investment Qualification, but actual employment is 20% less than the Employment Qualification, then the annual incentive payment would be reduced by 10%); provided however, that the incentive paid to the Company by either the County or the City under this Agreement in any year of performance shall not exceed the amount of ad valorem taxes paid to such entity such year for investments constituting Net New Taxable Value. The remedies set forth in this Section 4(C) shall be the sole and exclusive remedy of the Communities and the sole and exclusive obligation of the Company in the event the Company does not meet and maintain the investment set forth in Article 2 or otherwise fails to comply with the terms of this Agreement.

5. REPRESENTATIONS AND WARRANTIES

- A. Community's Representations: Each Community entity represents for itself (but not for the other), as follows:
 - (a) The Community has full power and authority to enter into this Agreement, and to enter into and carry out the transactions contemplated by this Agreement; by proper action has duly authorized the execution and delivery of this Agreement; and is not in default under any provisions of this Agreement.

 - (b) The Community has duly authorized, executed and delivered this Agreement, and this Agreement constitutes the Community's legal, valid and binding obligation, enforceable in accordance with its terms.

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- (c) To the Community's knowledge, there is no litigation or proceeding pending or threatened against the Community or affecting it which would adversely affect the validity of this Agreement.
- (d) The Community is not in default under any provision of State Law which would affect its existence or its powers as referred to in subsection (a).
- (e) No member, director, officer or official of the Community has any interest (financial, employment or other) in the Company or the transactions contemplated by this Agreement.

B. Company's Representations: The Company represents as follows:

- (a) The Company is duly incorporated and in good standing under the laws of the State of North Carolina; is duly qualified to transact business and is in good standing in the State of North Carolina; is not in violation of any provision of its Certificate of Incorporation or its Bylaws; has full corporate power to own its properties and conduct its business; has full corporate power and authority to enter into this Agreement and to enter into and carry out the transactions contemplated by this Agreement; by proper corporate action has duly authorized the execution and delivery of this Agreement; and is not in default under any provision of this Agreement.
- (b) Its execution and delivery of this Agreement neither conflicts with, nor will result in a breach of or default under or will result in the imposition of any lien on its property pursuant to its Certificate of Incorporation or its Bylaws or, to the best of the its knowledge, the terms, conditions or provisions of any statute, order, rule, regulation, Agreement or instrument to which it is a party or by which it is bound.
- (c) It has duly authorized, executed and delivered this Agreement, and this Agreement constitutes its legal, valid and binding obligation, enforceable in accordance with its terms.
- (d) There is no litigation or proceeding pending or, to its knowledge, any threatened against such Company, which would adversely affect the validity of this Agreement.

Discussion:

Mayor Grogan explained the public hearing was to talk about one of the local industries and an incentive for an addition to the plant, for the footprint of the plant as well as a lot of equipment. He then asked Mr. Graham Pervier, President, Partnership for Economic and Tourism Development to introduce Gildan representatives Mr. Nick Freitag, Plant Manager, Ms. Stephanie Booth, Finance Manager, and Mr. John Norwood, Maintenance Manager and also Mr. Richard Beard of the firm Simpson, Schulman & Beard, a commercial real estate firm who had assisted the company with the project.

Mr. Pervier explained that he was there tonight to ask for the Council's favorable consideration for a performance agreement between the City of Eden, Rockingham County and Gildan Activewear - Eden for an economic development project.

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Mr. Pervier explained that under the terms of the agreement, the company which now had property and equipment in the city valued at \$23.5 million and 285 employees, proposed a \$21 million project, \$9.8 million in building improvements and \$11.2 million in machinery and equipment. The new machinery and equipment was sophisticated new equipment for handling their distribution operations. The facility here in Eden was their wholesale distribution facility. The goods went on mostly to screen printers who printed stuff on the t-shirts and sweatshirts and so on and sent them on. They also had a retail distribution facility in Charleston, S.C.

They now have 285 jobs here and under the terms of the agreement they will maintain at least 280 jobs. Because the new equipment allowed for a little bit more efficiency, the jobs may go from 285 to 280 but that will be over the time of the project by attrition. It was not like anybody will actually lose a job. The County would make the incentive payments. This was approved for \$105,705 a year for four years for a total of \$422,820 and the city was asked to make incentive payments of \$91,661 for four years, a total of \$366,644. These payments were not obviously made up front. They were paid only after the improvements in the proposed agreement were complete. If the improvements were not valued at the estimated \$21 million, the incentive payments would be adjusted down proportionately. If the job count went below 280 during that time, then the incentive payments would also be adjusted down. Mr. Pervier thought at that point, he would stop and ask if there were any questions for him or the representatives from the company.

Council Member Tuggle commented that he and Council Member Burnette had an opportunity to visit Gildan and he would like to thank Mr. Freitag. He noted that he had taught Mr. Norwood in school a long time ago so he felt proud to have been a part of that. He stated that they had been impressive when they went there and that Mr. Freitag ran a tight ship. It was very obvious that as long as he was a part of that place, it was really going to work. He and Council Member Burnette were very impressed with what was being done.

Council Member Hagood said obviously with most expansions ... and the reason he said most expansions ... he looked at the Piedmont Triad today and all the news that was in there. They had additional jobs, additional jobs, just about in every article so when he saw that, it was with some disappointment that there were no additional jobs. And having been in manufacturing all his life, he understood efficiencies. There was some wording in the agreement that said "to maintain 280 or reduce costs". Costs cover personnel costs. He asked if they could expand on that.

Mr. Pervier explained that he thought the agreement was pretty iron clad. In these agreements, they attributed 50 percent of the incentives to the jobs involved where it was retention or additional jobs and 50 percent to the cost of the project. So if the number of jobs was to be reduced by 10 percent but the investment was made, they would reduce the incentives by 5 percent.

Council Member Hagood repeated that it was only 5 percent.

Mr. Pervier replied that it would attribute half to the jobs and half to the investment.

Council Member Hagood stated that they they were going to install new equipment and could reduce the headcount due to efficiencies based on the investment.

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Mr. Pervier replied that they would not give them credit for any investment beyond the \$21 million so they could not offset job loss by making an investment above the \$21 million.

Mayor Grogan asked if there were any other questions.

Council Member Hagood stated that he had one other question or maybe a couple. He looked at the agreement and he thought it had \$26,000 and some odd cents or dollars as the average wage. He asked if that was right.

Mr. Pervier replied it was over \$26,000 a year and Council Member Ellis said it was \$26,223. Mr. Pervier pointed out that was W2 wages and did not include the benefits. They are also provided a benefits package.

Council Member Hagood asked if the headcount was for everyone in the area and did not include any manager offsite to which Mr. Pervier replied no, it was Eden's employees.

Mr. Pervier added that one thing he wanted to mention with that, and Mr. Freitag could certainly add to it, was they talk about the attrition and the automation and there were some changes in the employment but they were also going to have to add some new positions within the facility that would be higher paying and higher skilled. Some supervisors would be added, definitely some hi-tech maintenance jobs that would have to be added because of the automated system that they would be installing. So while through attrition they would see some of the lowest wage positions go away, some were going to be replaced by higher wage positions.

Council Member Hagood stated that in some prior notes he thought were provided to them by Mr. Dougherty, they saw maybe \$8 as a beginning wage and \$.25 per quarter maybe and possibly a \$500 bonus. Adding that up it did not come anywhere near \$26,000 unless you include a lot of overtime.

Mr. Freitag replied that they had overtime, bonuses, salaried supervisors ... that \$8 was a Level I Laborer – a truck loader or truck unloader. More than half of the workforce was substantially \$2 or \$3 higher than that wage, operating high lift equipment, and things like that. So, he was quoting a Level I job.

Council Member Hagood asked if the TransPro group that handled the trucking was included in the headcount.

Mr. Freitag replied that it did not. There were only three employees that worked for TransPro at their facility and they were not employees of Gildan.

Council Member Hagood asked if they had their own truck drivers.

Mr. Freitag replied that they had three yard drivers. They were not over-the-road or what he would call CDL drivers.

Mr. Pervier added that the average wage may come from reported wages that are reported to the North Carolina Employment Security Commission so this was not a number that was just being pulled out of

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thin air. This was being reported on a quarterly basis to North Carolina. Plus, he knew that with municipal budgets there were a lot of municipal employees who wanted to see their annual increase in pay and he was out in the private sector and in the private sector there were a lot of people who had not seen an increase in pay in several years. He asked Mr. Freitag the previous night if they had given an increase to their employees and he reported that they had so they take very good care of their employees. But they were just talking Gildan full-time employees with that. It did not include contract labor and other jobs that were benefitted by the distribution facility here in Eden.

Council Member Ellis addressed Mr. Freitag, Ms. Booth and Mr. Norwood stating that he just wanted to say “thank you” for being in the community. They could choose to be other places but he thought it was highly commendable that they chose to live here in Eden. They did produce a good quality for the town ... what they were doing with the remodeling and adding on and everything. They were bringing jobs in the industry – working on the plumbing side of it and all that was what people around here were looking for in work. It meant a lot to them. He was very proud to say they had found a home here in Eden, N.C. It was a plus for them. He liked the product a lot and he liked to wear it a lot.

Council Member Tuggle added that if he remembered correctly when they were there talking, there were really not that many facilities like that in the United States and for Gildan to stay in Eden, they certainly appreciated it and appreciated the opportunity. That they cared enough about Eden to stay here and provide the jobs for the citizens – they did not need to lose any more.

Mr. Freitag replied that Eden was a good location for Gildan and they were proud to be here. They had been in Eden 10 years. The reason they needed to improve their efficiency with the automation was so they could stay in the leading edge as a distribution center. They just did not throw bodies at loading trucks. They wanted to be the best distribution center to the whole south market channel so he felt like they could have a competitive edge in their distribution process by adding the automation. That was the reason why a significant portion of the \$21 million they were investing would be in equipment. It was sophisticated, computerized software. It would put the right box in the right truck in the right sequence. When the customer opened the truck up from Gildan, it was easy to unload and it was faster for them to process and they would buy more from Gildan. That was how they made their customers happy. That was how they guaranteed their future success.

Council Member Burnette added that if he remembered correctly that some of it was quite innovative as well to which Mr. Freitag replied that was correct. There was nothing exactly like it out there. There were similar things but nobody would be able to guarantee that there were 1,100 boxes that would be sorted in the sequence they wanted in Style 2000 white, small, medium, large, extra large, double x, making it easy for them to put away and unload. They were thinking of the customers.

Mayor Grogan pointed out that it showed in their stock price. It had done well and Mr. Freitag agreed that they were enjoying that right now.

Mayor Grogan thanked Mr. Pervier and the representatives from Gildan and asked if anyone else wanted to speak in favor of the project. As no one came forward to speak in favor or in opposition he then declared the public hearing closed.

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A motion was made by Council Member Tuggle and seconded by Council Member Ellis to approve the performance agreement. Council Members Tuggle, Ellis, Burnette, Turner, Carter and Epps voted in favor. Council Member Hagood in opposition. This motion carried.

REQUESTS AND PETITIONS OF CITIZENS:

No one spoke at this time.

UNFINISHED BUSINESS:

There was no Unfinished Business on the agenda.

NEW BUSINESS:

(a) Approval and adoption of an ordinance setting the procedure for issuing permits for pyrotechnics to be exhibited, used or discharged within the corporate limits of the city for use in connection with the conduct of concerts or public exhibitions.

Due to a change in the North Carolina General Statutes, counties now have the authority to issue permits for all displays of pyrotechnics, aka fireworks. This statute also allows the counties to delegate this authority to the governing board of any city in the county. Based upon a request made on April 22, 2010, the Rockingham County Board of Commissioners enacted a resolution authorizing the City of Eden to issue these permits.

An ordinance was drafted which sets the procedure for applying for a permit with the Clerk in writing and the Clerk will give the application to the Fire Marshal for an investigation. Based upon this investigation the Fire Marshal will make a report and recommendation to Council on whether it should issue the permit.

Deputy Fire Chief Tommy Underwood explained that there were two items that they needed to take care of. The first one was that North Carolina changed the General Statutes giving the County authority to issue the permits for fireworks. Also, the Statute allows municipalities to petition the Counties for the Cities to handle it. The City had been handling this as far back as he could remember. On April 22, 2010, he made a request to the Rockingham County Board of Commissioners and they enacted a resolution. The Council should have a copy of that resolution.

Mayor Grogan said they would have a vote on that first whereby the City of Eden would continue to handle the issuing of permits, etc., as far as fireworks were concerned. The City Attorney, Ms. Erin Gilley added that there was an ordinance the Council should have that set the procedure for the Council to issue those permits and that is what they would vote on.

A motion was made by Council Member Epps seconded by Council Member Hagood to adopt an ordinance setting the procedure for issuing permits for pyrotechnics to be exhibited, used or discharged within the corporate limits of the city for use in connection with the conduct of concerts or public exhibitions. All Council Members voted in favor of this motion.

Deputy Chief Underwood also explained that the Fourth of July was approaching and the Kiwanis did the Ole Fashioned Fourth Celebration across the street in the Morehead stadium. They did have an application for a permit to display pyrotechnics. The application was by Jeff Hale who had been doing the fireworks for a long time. Mr. Hale had also enclosed a copy of his insurance, which was one

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million dollars. There was also a report from Deputy Chief Underwood certifying that Mr. Hale did have the insurance. The Fire Department did do an inspection and would have an engine on site with a full crew the night the fireworks took place. He recommended the permit be issued to Mr. Hale.

A motion was made by Council Member Ellis seconded by Council Member Hagood to approve a permit allowing Hale Artificer, Inc., a permit to display fireworks at the July 4th celebration. All Council Members voted in favor of this motion.

REPORTS FROM STAFF:

(a) Report to Council on 800 MHz Radio System

Mr. Reece Pyrtle, Chief of Police, gave the following report:

On May 20, 2010 at approximately 9:00 a.m., the Eden Police and Fire Department flipped the switch and activated the 800 MHz radio system. The City of Eden joins the City of Reidsville, Rockingham County, and other local and state agencies in utilizing this new VIPER 800 MHz radio system. VIPER, which stands for Voice Interoperability Plan for Emergency Responders, provides an interconnected network of dedicated radio towers throughout the state. The backbone of the system has been developed and is maintained by the NC State Highway Patrol. VIPER utilizes a Motorola SmartNet II trunking radio system which uses a bank of 800 MHz radio frequencies that are randomly assigned on an as needed basis when police or fire personnel keys their mic. As a result, there is no longer a single radio frequency in use by our agencies and most scanners will be unable to receive the radio signals from the VIPER system. If citizens wish to monitor police and fire radio traffic, a trunk tracking scanner will be required.

VIPER also enables the Eden Police Department to designate radios used by certain special investigative and response units to be encrypted. This means that even a trunk tracking scanner will be unable to monitor the radio traffic between those units. This will provide highly secure communications for sensitive enforcement operations.

The City of Eden started researching the feasibility of switching over to the state-maintained system several years ago. In 2008, staff met with members of the North Carolina Highway Patrol and the two regional equipment vendors. In 2009, staff presented a plan to switch to the new radio system at the annual budget retreat. At the direction of City Council, money was budgeted to fund the radio project.

Since changing over to the new radio system, I have received numerous positive comments from officers about the system. The system allows us to more effectively communicate which in turn improves the quality of the services we provide to our citizens.

Council Member Tuggle asked if they were not able to encrypt information to block it.

Chief Pyrtle replied that when he came to work around 1992, he and Captain Hooker came up with a Code 200, which basically scrambled their radio system. There were some issues with that. It basically sounded like Charlie Brown's school teacher when one person tried to talk to the other one and did not have it flipped. He told Council Member Carter he might remember that. If a person did not have their

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radio switched to 200 and the other person was on regular radio, there was no communications. They ran into some issues with that when they upgraded slowly. But now, with the encryption process the drug unit and administrators have, they can flip a button and there was just dead silence to everyone who did not have an encrypted radio.

Council Member Tuggle said he was wondering about that with all the drug activity and those types of things going on. It was a safety issue. The drug people have as much as the police officers a lot of times.

Chief Pyrtle agreed it was a safety issue. From what he understood, the price on the 800 MHz scanners that were available out there were around \$400-\$500 where they used to buy the old high-band for \$99-\$150 so the new scanners were significantly more. Everything seemed to be working fine.

Council Member Burnette asked what percentage of the state was on the system.

Chief Pyrtle said he did not have any idea. In the County, Reidsville was completely converted. The sheriff's department had switched over. They were simulcasting. They had the portables but did not have the mobiles. They were working toward getting some mobiles. Madison and Mayodan had part of their radios in that they were going to utilize. Statewide, he knew the Highway Patrol in this area had switched over. Ideally, this was going to go from Murphy to Manteo with the infrastructure. Some larger municipalities had their own versions of 800 MHz. They were not jumping on the VIPER system, but there was still some communication they could have with them.

Council Member Tuggle said this gave the Highway Patrol the ability to communicate with municipalities all across the state for everyone on the system.

Chief Pyrtle agreed that was correct and said he could ride to Wilmington today and if he needed to talk to someone, he could switch to a specific channel and talk to someone in Wilmington. They did not have to be in Wilmington. Ideally when it was operational from one end of the state to the other, they were Murphy to Manteo on that. He was on the way home the other night and a probation officer called for assistance across the PD radio. Obviously, the PD was able to respond. The probation officer did not have to go through a communications system – they just flipped to the PD channel.

Council Member Tuggle said they were covered then, from hurricanes to oil slicks to which Chief Pyrtle agreed.

Council Member Ellis asked if they had all the old radios out of the cars.

Chief Pyrtle replied they did. The plan was to be put to use with other divisions in the city. Terry Shelton would be looking into the feasibility of that. Their plan was to maintain that if they could.

Mayor Grogan thanked Chief Pyrtle for his report.

Minutes of the regular June 15, 2010 meeting of the City Council, City of Eden:

(b) Report to Council on Economic & Tourism Development

Mr. Mike Dougherty, Director of Business & Development, gave a PowerPoint presentation. *A copy of this presentation is located in the office of the City Clerk.*

After the presentation Council Member Burnette asked Ms. Cindy Adams, Tourism and Events Coordinator, if she tracked the total of sales made at the Pottery Festival.

Ms. Adams replied that they had not done that but could add it. They talked in generality with the vendors – if they had good days. Some people will say it was the best day they had all year while some would say sales were done.

Council Member Burnette wondered if it could be a way to attract more potters and Council Member Ellis added that he knew one potter who sold everything they had.

Council Member Tuggle told Mr. Dougherty the last estimate they had talked about was \$7.9 million to run water to the Mega Park. He was curious...what was the quid pro quo with the Mega Park and debt service. He questioned how they would be sure the amount of money they spent on getting water there they would get a return on and what the process was in making sure they did not put a bunch of money out in debt service they would not get a return on.

Mr. Dougherty replied that they would be doing a contract similar to what they had with HanesBrands and it was currently being reviewed.

Council Member Burnette asked if the Golden Leaf money would be applicable to any of the construction in Virginia to which Mr. Dougherty replied that he did not think so.

CONSENT AGENDA:

(a) Approval and adoption of minutes: May 18, 2010.

(b) Approval and adoption of Budget Amendment 15.

The Water Pressure Improvement projects have been completed and paid except for an outstanding purchase order for \$1,500 leaving a balance of approximately \$ 140,000 in this fund. The attached budget amendment transfers a portion (\$50,000) of the remaining loan proceeds from the Water Pressure Improvements fund to the Sewer Rehab fund. This transfers covers two invoices to the Irvine River Company relating to the Northern Smith River Outfall project in the Sewer Rehab fund that were not eligible for reimbursement from the NC Clean Water grant/loan.

	Account #	From	To	Amount
Water Pressure Improvement Fund Revenues				
Contrib. from Water Pressure Impr	72-3986-99200	\$	- \$	\$ 50,000.00
				<u>\$ 50,000.00</u>

Minutes of the regular June 15, 2010 meeting of the City Council, City of Eden:

Water Pressure Improvement Fund Expenditures

HSPS VFD	72-8140-24601	\$	187,782.62	\$	137,782.62	<u>\$ 50,000.00</u>
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Sewer Rehab Fund Revenues

Contrib. from Water Pressure Impr	72-3986-99200	\$	-	\$	50,000.00	<u>\$ 50,000.00</u>
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Sewer Rehab Fund Expenditures

Northern Smith River Outfall	73-8140-24710	\$	648,180.00	\$	698,180.00	<u>\$ 50,000.00</u>
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Transfer portion of remaining loan proceeds for Water Pressure Improvements to the Sewer Rehab Fund.

Adopted and effective this 15th day of June, 2010.

Attest:

Sheralene Thompson, City Clerk

John Grogan,
Mayor

(c) Approval and adoption of Budget Amendment 16.

The attached budget amendment allocates grant and loan proceeds for a grant/loan and various grants for the Police and Fire Departments. Below is a listing of each grant/loan that is included:

USDA Loan/Grant	\$283,000 loan \$100,000 grant	800 MHZ radios
Police COPS Equipment Grant	\$ 8,000	Equipment for 2 officers hired through COPS grant
Police Highway Safety Grant	\$ 17,275	Checkpoint Equipment: Equipment Trailer Light Tower & Generator Portable Signs Traffic Cones & Vests
Fire Department FEMA Grant	\$ 90,250	Exhaust Systems for 4 Fire Stations
NC Dept. of Insurance Grant	\$ 1,000	Supplies for Child Safety Program

Account #	From	To	Amount
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Minutes of the regular June 15, 2010 meeting of the City Council, City of Eden:

**General Fund
Revenues**

USDA PD/FD Grant	10-3431-43000	\$	-	\$ 100,000.00	\$ 100,000.00
Loan Proceeds	10-3850-86000	\$	-	\$ 283,000.00	\$ 283,000.00
Police Grant - COPS Equipment	10-3431-70000	\$	-	\$ 8,000.00	\$ 8,000.00
Police Grant - Hwy Safety Grant	10-3431-87000	\$	-	\$ 17,275.00	\$ 17,275.00
Fire Grants	10-3434-42000	\$	252,500.00	\$ 343,750.00	\$ 91,250.00
					<u>\$ 499,525.00</u>

**General Fund
Expenditures**

Police C/O Equip Depreciable	10-4310-57000	\$	25,000.00	\$ 338,000.00	\$ 313,000.00
Fire C/O Equip Depreciable	10-4340-57000	\$	29,100.00	\$ 112,100.00	\$ 83,000.00
Police Safety Equipment	10-4310-21300	\$	20,000.00	\$ 24,400.00	\$ 4,400.00
Police Department Supplies	10-4310-29100	\$	26,000.00	\$ 33,875.00	\$ 7,875.00
Fire Department Supplies	10-4340-29100	\$	23,200.00	\$ 24,200.00	\$ 1,000.00
Fire C/O Building Improvement	10-4340-54000	\$	37,000.00	\$ 127,250.00	\$ 90,250.00
					<u>\$ 499,525.00</u>

To allocate USDA grant/loan proceeds, COPS Equipment grant, NC Highway Safety grant, FD FEMA grant, and NC Department of Insurance grant.

Adopted and effective this 15th day of June, 2010.

Attest:

Sheralene Thompson, City Clerk

John Grogan,
Mayor

(d) Approval and adoption of Budget Amendment 17.

The attached budget amendment transfers money from the drug forfeiture account to the General Fund to cover expenditures in the drug forfeiture line items. Below is a breakdown of each line item and the specific expenditures.

Police Dog	\$ 6,500
Training & Travel	\$ 1,025
2 – Electric Mobility Vehicles	\$17,100
Communications & Computers	<u>\$ 2,900</u>
TOTAL	\$27,525

Minutes of the regular June 15, 2010 meeting of the City Council, City of Eden:

	Account #	From	To	Amount
General Fund Revenues				
Police Fed/State Drug Forfeiture	10-3431-41900	\$ 65,130.00	\$ 92,655.00	<u>\$ 27,525.00</u>
General Fund Expenditures				
Police Misc Exp/Drug Forfeiture	10-4310-29902	\$ 4,900.00	\$ 7,800.00	\$ 2,900.00
Police Travel/Training - Drug Forfeiture	10-4310-39501	\$ 3,150.00	\$ 4,175.00	\$ 1,025.00
Police C/O Equip Depr/Drug Forfeiture	10-4310-57200	\$ 7,075.00	\$ 24,175.00	\$ 17,100.00
Police C/O Equip NonDepr/Drug Forf	10-4310-57201	\$ -	\$ 6,500.00	<u>\$ 6,500.00</u>
				<u>\$ 27,525.00</u>

Transferring money from the Federal Forfeiture bank account to the General Fund.

Adopted and effective this 15th day of June, 2010.

Attest:

Sheralene Thompson, City Clerk

John Grogan,
Mayor

(e) Approval and adoption of Budget Amendment 18.

The attached budget amendment allocates funds received from the NC Rural Center for the Leak Detection Survey & Water Conservation project.

	Account #	From	To	Amount
Water & Sewer Fund Revenues				
Rural Center Leak Detection Grant	30-3831-49700	\$ -	\$ 26,000.00	<u>\$ 26,000.00</u>
Water & Sewer Fund Expenditures				
Leak Detection Grant Expense	30-8120-19504	\$ -	\$ 26,000.00	<u>\$ 26,000.00</u>

To allocate NC Rural Center Leak Detection grant to appropriate line items.

Adopted and effective this 15th day of June, 2010.

Minutes of the regular June 15, 2010 meeting of the City Council, City of Eden:

Attest:

Sheralene Thompson, City Clerk

John Grogan, Mayor

(f) Approval and adoption of Budget Amendment 19.

The attached budget amendment allocates ARRA funds received from the NC Clean Water grant and loan program. These funds were used for the Dry Creek and Northern Smith River Sewer Outfall Rehab projects.

	Account #	From	To	Amount
Sewer Rehab Fund				
Revenues				
Clean Water Grant/Loan Proceeds	73-3831-49900	\$ -	\$ 714,400.00	<u>\$ 714,400.00</u>
Sewer Rehab Fund				
Expenditures				
Dry Creek Sewer Outfall Rehab	73-8140-24680	\$ 702,813.72	\$ 1,060,013.72	\$ 357,200.00
Northern Smith River Outfall Rehab	73-8140-24710	\$ 648,180.00	\$ 1,005,380.00	<u>\$ 357,200.00</u>
				<u>\$ 714,400.00</u>

To allocate NC Clean Water grant and loan proceeds to the appropriate line items.

Adopted and effective this 15th day of June, 2010.

Attest:

Sheralene Thompson, City Clerk

John Grogan, Mayor

(g) Approval and adoption of a Resolution conveying concrete containers to the Veteran’s Memorial Park, Inc.

The City of Eden has 24 concrete street trash containers that were once used in the downtown areas to collect trash from the general public. These containers were replaced with automated containers back in 2006. These containers are being stored here at Public Works and I cannot see any place that we would use these containers again. Richard Puczykowski of the Veterans Park in Wentworth inquired whether the City would be willing to convey these concrete containers to the Veterans Park in Wentworth. The park has plastic containers but it has had problems with people stealing them. The Veterans Memorial Park, Inc. is a nonprofit organization, and the use would be solely for a public purpose. Mr. Puczykowski stated that he would be responsible for the moving of the containers.

It was the recommendation that these containers be conveyed to the Veterans Memorial Park, Inc.

Minutes of the regular June 15, 2010 meeting of the City Council, City of Eden:

RESOLUTION TO CONVEY PERSONAL PROPERTY

WHEREAS, the City of Eden owns twenty four (24) concrete trash containers with a rock face, hereinafter referred to as, “the property”; and

WHEREAS, these containers (the property) were replaced with automated containers in 2006, rendering the aforementioned property surplus and unused; and

WHEREAS, the City of Eden desires to convey this aforementioned surplus and unused property to the Veterans Memorial Park, Inc., a nonprofit organization located in Wentworth, North Carolina pursuant to N.C.G.S. §160A-279 in consideration for the Veterans Memorial Park, Inc using these containers for a public purpose; and

WHEREAS, the City of Eden has placed the condition upon the conveyance of the property that this property be used for a public purpose; and

NOW, THEREFORE, BE IT RESOLVED, by the City Council for the City of Eden pursuant to N.C.G.S. § 160A-279 that the twenty four (24) concrete trash containers with a rock face be conveyed to the Veterans Memorial Park, Inc., upon the condition that the containers be used for a public purpose.

APPROVED, ADOPTED AND EFFECTIVE this 15th day of June, 2010.

CITY OF EDEN

BY: John E. Grogan, Mayor

ATTEST:

Sheralene S. Thompson, CMC
City Clerk

(h) Approval and adoption of Resolution donating two (2) MPH Industries, Inc. K-55 Radar Units to the Town of Stoneville.

The Eden Police Department has no further use of two MPH Industries K-55 Radar units. The radars were purchased in 1994 from MPH Industries located in Owensboro, Kentucky. These units are still approved for use in this state, but are no longer manufactured or serviced by MPH Industries.

These two radars are no longer used in traffic enforcement and have been removed from service by our department. They have been replaced by newer and much improved radars.

It is the recommendation that the personal property be declared surplus property and donated to the Town of Stoneville for use by their police department.

RESOLUTION TO DONATE PERSONAL PROPERTY

WHEREAS, the Eden City Police Department owns two (2) MPH Industries, Inc. K-55 Radar units, Serial Numbers 269000118 and 269000120, hereinafter referred to as “the property”; and

WHEREAS, the Eden City Police Department has purchased newer and more improved radars, therefore, rendering the property surplus and unused; and

WHEREAS, the City of Eden desires to donate this aforementioned surplus and unused property to the Town of Stoneville pursuant to N.C.G.S. §160A-280; and

June 15, 2010

City of Eden, N. C.

Minutes of the regular June 15, 2010 meeting of the City Council, City of Eden:

NOW, THEREFORE, BE IT RESOLVED, by the City Council for the City of Eden that the two (2) MPH Industries, Inc. K-55 Radar units, Serial Numbers 269000118 and 269000120, be deemed surplus and unused and that they be donated to the Town of Stoneville.

APPROVED, ADOPTED AND EFFECTIVE this 15th day of June, 2010.

CITY OF EDEN

BY: John E. Grogan, Mayor

ATTEST:

Sheralene S. Thompson, CMC
City Clerk

- (i) Approval and adoption of Resolution donating eight (8) Safariland tactical ballistic vests to the Rockingham County Emergency Medical Services Tactical Rescue Team.

In 2008 the Eden Police Department purchased new tactical ballistic vests for the Special Response Team. These new vests replaced the old Safariland tactical ballistic vests. Most of the old vests were manufactured in 2000 and one or two were as new as 2003. Manufacturer's standard expected life of a ballistic vest is five years. If the vest fails after five years, the manufacturer will not be responsible for any injury or liability. These old vests are seven to ten years old and of no real value to the Eden Police Department.

Rockingham County's Emergency Medical Services has formed a Tactical Rescue Team to work in support of the Special Response Teams in Rockingham County. This TRT would be used to assist with evacuating injured persons and officers in a hostile environment. The vests would be used for protecting these medics while carrying out the evacuations. This is a newly formed team and as with all newly formed teams, has little or no money. These vests will be used until the team can afford to purchase new vests. The person in charge of this team is EMS Lt. Justin Stewart. He asked about the old tactical vests and requested that the city donate these old vests to their team. He was made aware that the vests were outside of the manufacturer's usage date and that there was no warranty, no liability coverage and no responsibility afforded to Rockingham County EMS or anyone that uses these vests by the manufacturer or the Eden Police Department or the City of Eden.

Lt. Stewart spoke with his supervisors and he agreed to sign a waiver so they could use these vests if donated to their team. Lt. John Edwards has attempted to get a price on the vests. The city finance department no longer has a record on the purchase of the vests. Lt. Edwards has contacted both the distributor and the manufacturer and neither has this information. The new vests cost approximately \$2000.00 each. It was recommended that the city donate these vests to the Rockingham County EMS Tactical Rescue Team.

RESOLUTION TO DONATE PERSONAL PROPERTY

WHEREAS, the Eden City Police Department owns eight (8) Safariland tactical ballistic vests, as shown on Exhibit "A", hereinafter referred to as "the property"; and

WHEREAS, the Eden City Police Department has purchased new tactical ballistic vests because the old vests (the property) no longer have a manufacturer warranty; and

WHEREAS, the City of Eden recognizes that the property has been rendered surplus and unused; and

WHEREAS, the City of Eden desires to donate this aforementioned surplus and unused property to the Rockingham County Emergency Medical Services Tactical Rescue Team (TRT) pursuant to N.C.G.S. §160A-280; and

June 15, 2010

City of Eden, N. C.

Minutes of the regular June 15, 2010 meeting of the City Council, City of Eden:

WHEREAS, the City of Eden in no way guarantees the quality, fitness of purpose or effectiveness of these vests, and in no way does the City of Eden endorse this type or brand of vest, and the City of Eden has made this disclaimer known to the TRT and has obtained a waiver of claims and liabilities from the TRT; and

NOW, THEREFORE, BE IT RESOLVED, by the City Council for the City of Eden that the eight (8) Safariland tactical ballistic vests as shown on Exhibit "A" be deemed surplus and unused and that they be donated to the Rockingham County Emergency Medical Services Tactical Rescue Team.

APPROVED, ADOPTED AND EFFECTIVE this 15th day of June, 2010.

BY: John E. Grogan, Mayor

ATTEST:

Sheralene S. Thompson, CMC
City Clerk

(j) Approval and adoption of an ordinance reducing speed in the Indian Hills Subdivision.

On May 6, 2010, a traffic study request was received from Council Member Jim Burnette in reference to changing the speed limit in Indian Hills. Indian Hills is a winding residential neighborhood made up of six streets (Indian Trail, Indian Ridge Court, River Chase Drive, Beaver Run, Fox Run, and Deer Run.).

The Indian Hills neighborhood is entirely residential in nature with no thru traffic as there is only one entrance/exit to the neighborhood located on Hwy 135 (see attached). The Police Department's recommendation is that the speed limit for each street in the Indian Hills neighborhood be 25 MPH.

(k) Consideration and approval of Certificate of Public Convenience for Taxi Cab Franchise.

A motion was made by Council Member Tuggle seconded by Council Member Hagood to approve the Consent Agenda. All Council Members present voted in favor of this motion.

ADJOURNMENT:

A motion was made by Council Member Ellis seconded by Council Member Burnette to adjourn. All Council Members present voted in favor of this motion.

Respectfully submitted

Sheralene S. Thompson, CMC
City Clerk

ATTEST:

John E. Grogan, Mayor