

**ADJOURNED MEETING
HIGH POINT CITY COUNCIL
HIGH POINT MUNICIPAL BUILDING
COUNCIL CHAMBERS
NOVEMBER 20, 2017 – 4:00 P.M.**

Present:

William S. Bencini, Jr., Mayor; Mayor Pro Tem Jay Wagner (Ward 4), and Council Members Cynthia Y. Davis (At-Large), Council Members Latimer Alexander (At-Large), Chris Williams (Ward 2), Alyce Hill (Ward 3), James C. Davis (Ward 5) and Jason Ewing (Ward 6)

Absent:

Council Member Jeffrey Golden (Ward 1)

Staff Present:

Greg Demko, City Manager; Randy McCaslin, Deputy City Manager; Randy Hemann, Assistant City Manager; JoAnne Carlyle, City Attorney; Jeff Moore, Director of Financial Services; Loren Hill, President- High Point Economic Development Corporation; Sandy Dunbeck, Senior Vice President- High Point Economic Development Corporation; Mike McNair, Director of Community Development & Housing; Ryan Ferguson, Marketing Manager; Jolie Helton, Communications Specialist; Jeron Hollis, Communications and Public Engagement Director; Eric Olmedo, Budget and Administrative Director; and Lisa Vierling, City Clerk

Also Present:

Mac McCarley, Attorney with Parker Poe; Jonathan Fine, Attorney with Smith Moore Leatherwood; Britt Moore, Fred Baggett, David Willett, and Tony Collins

News Media Present:

Pat Kimbrough, High Point Enterprise
WFMY
WXII

Note: A Special Meeting of the High Point City Council was called on November 20, 2017 at 12:30 p.m. for the purpose of holding a Closed Session to conduct the performance evaluations for the city manager, city clerk, and city attorney. Following the Closed Session, the City Council reconvened into Open Session and adjourned the meeting until 4:00 p.m. in order to discuss and take action on contracts and agreements and related legal proceedings for issuance of bonds in connection with the Downtown Catalyst Project.

Mayor Bencini called the adjourned meeting to order at 4:13 p.m.

Regular Agenda Items

170427 Binding Term Sheet Agreement - City of High Point and High Point Community Sports and Entertainment Foundation

Council is requested to approve a Binding Term Sheet Agreement between the City of High Point and the High Point Community Sports and Entertainment Foundation.

City Manager Greg Demko presented the term sheet which will be the basis to develop a definitive agreement with the local community nonprofit, the High Point Community Sports & Entertainment Foundation, for the acquisition of a ball team, as well as to operate the stadium that the city proposes to construct.

Mr. Demko introduced Mac McCarley, special counsel with Parker Poe. Mr. McCarley is a former Charlotte City Attorney who worked on many of the sports venues in Charlotte. He then introduced Jonathan Fine with Smith Moore Leatherwood Law Firm. Mr. McCarley and Mr. Fine are part of the legal representation and have been working on this as a team. Mr. McCarley offers his expertise regarding the municipal aspects and Mr. Fine represents the sports team in developing these agreements.

As a result, it has taken several months of discussion to finalize the processes and agreement in order to meet an aggressive, but achievable timeline for games to begin in 2019. Staff is asking for Council's approval of the Binding Term Sheet Agreement today, as part of the larger process in moving this forward as part of the City Council's important strategic initiative.

Mr. Demko shared some highlights of the term sheet as follows:

- The terms contained in the agreement have been structured where costs over and above \$35 million would require approval of the City of High Point and the Sports and Entertainment Foundation with the approved costs being paid for by the Foundation. This is an important provision of risk management for the city moving forward with the Local Government Commission's consideration.
- This is a 20-year operating agreement that includes the City of High Point receiving \$300,000 in annual user fees; \$500,000 in annual naming rights; and a \$3 average ticket fee on each baseball ticket sold.
- Staff has worked with the legal and industry experts to present an agreement that minimizes the risk for the City, while ensuring a long-term relationship with a philanthropic organization, whose interest is to see our community grow and thrive. Mr. Demko pointed out that Council's approval represents another step in the long-term strategy to build a downtown, which involves approval by the City Council for necessary property acquisition, securing of the bond financing, and the team acquisition by the Sports & Entertainment Foundation and the necessary Atlantic League approvals. Council's support today would allow the time schedule to remain intact and ensure delivery of the promise of a new downtown in a responsible way with managed risks.

Following Mr. Demko's comments, Mayor Bencini entertained a motion to adopt the Binding Agreement.

Mayor Pro Tem Wagner then moved APPROVAL of the Binding Term Sheet Agreement between the City of High Point and the High Point Community Sports & Entertainment Foundation. Council Member Ewing made a SECOND to the MOTION.

Mayor Bencini entertained questions, further discussion regarding the MOTION.

Council Member C. Davis asked for the following comment be incorporated into the record:

"I don't have any questions of Mr. Demko, and I can respect the experts sitting before us that have worked on this document. Again, we've been handed something just moments before and had to wait for it to be presented to us. We haven't even read it and I'm not questioning that there are experts in the room that worked on it, but I think it's our responsibility to read the document before we vote on a document. And with that being said, I will not support the binding agreement."

Council Member J. Davis stated that he thought the lease agreement would be \$500,000 a year, and pointed out the Binding Agreement says it will be \$300,000. Mr. Demko explained this was the negotiated piece in the proforma. He further explained that there was a total of \$800,000 from the study, which was for a \$500,000 lease and \$300,000 in naming rights and to ensure these numbers be kept intact, they flipped the two to make it fungible monies.

Council Member J. Davis then asked about the specific amount that would be realized for ten years of naming rights. Mr. Demko replied that the initial naming rights contract includes \$500,000 for 15 years.

Mayor Bencini asked if there were any additional questions/discussion. There being none, he called for a vote on the MOTION.

The MOTION carried by a 7-1 vote as follows:

Aye (7): Mayor Bencini; Mayor Pro Tem Wagner; and Council Members Alexander, Williams, Hill, J. Davis, and Ewing

Nay (1): Council Member C. Davis

Absent (1): Council Member Golden

170428 Contract- Samet Corporation- Schematic Design Estimate/Proposal for the City of High Point Multi-Use Stadium Project

Approval of contract with Samet Corporation-Schematic Design Estimate/Proposal for the City of High Point Multi-Use Stadium Project in the amount of \$36,090,631.

City Manager Greg Demko reported that they have been working for the past six months with Samet, and the designer of the stadium, Odell, who also did the design for the Charlotte Knights Stadium. Samet also for construction of the stadium, which will have 3,200 fixed seats with a capacity for baseball of 5,000. Mr. Demko then shared a layout of the footprint for the stadium as it currently sits and how it would be constructed. He pointed out the final aesthetic design elements are still in the works to be released, and the construction price came in today at \$35,800,000. An additional \$302,000 would be needed for the artificial turf to make it a multi-sport, multi-use stadium bringing the total cost for the construction of the stadium to \$36,100,000. Mr. Demko recommended this be added to the contract amount

noting that this is the High Point Community Sports & Entertainment Foundation's desire as well.

Mr. Demko shared that the High Point Community Sports & Entertainment Foundation has agreed to pay for pricing above the \$35,000,000. Council Member J. Davis questioned if an amendment might be necessary to the agreement that was just approved.

Jonathan Fine, Attorney with Smith Moore Leatherwood, explained that in the earlier discussion, the final price was not known for the Samet contract at the time of negotiating the terms, and as a result, the spirit of the agreement was whatever they could get up front as the city's financing cost would be the nut to which would be the net, and the High Point Community Sports & Entertainment Foundation would put in anything over that amount. Mr. Fine did not feel a need for an amendment because the Term Sheet contemplates that there would be massaging of various terms in the definitive agreement.

Following this explanation, Council Member J. Davis asked if this increase would necessitate issuance of the Limited Obligation Bonds at \$36,000,000 instead of the \$35,000,000. Mr. Demko replied that the bond issue would remain at \$35,000,000 and noted that he has asked staff to find the remaining money within the city's budget or the capital project reserves.

Council Member Alexander asked if all the \$15,000,000 in funds that were allocated for land acquisition, design and demolition would be exhausted. Assistant City Manager Randy Hemann advised that in the next few days, \$9.6 million would be spent acquiring 10.9 acres. The stadium is larger with a footprint of about 6.89 acres. He explained that in the initial planning process, they included the stadium and the peripheral development. The commitment of the other development for the children's museum, park, etc....came later and was not anticipated; this is the reason it would be maxed out.

Council Member Alexander inquired about the total amount for the land and construction. Mr. Demko advised it would be \$36,000,000 and noted the land values under the stadium are about \$5.5 to \$6 million and the rest of the property would be sold to the public at market rates and some of the cost would be recouped through the sale of the land. In general spirit, Mr. Demko noted all-in-all, the stadium cost would come in a little under \$45,000,000.

Council Member Ewing inquired about the amount of the Samet contract and asked if it includes all the aspects of the stadium such as suite upfitting, blinds, etc.... Mr. Demko mentioned the \$2.5 million contingency and pointed out the Sports & Entertainment Foundation would be responsible for any spending above the allowances.

Mayor Bencini called for any further questions regarding the Samet contract. There being none, he entertained a motion.

Council Member Alexander made a MOTION to accept Samet's contract proposal. Mayor Pro Tem Wagner made a SECOND to the MOTION.

For further discussion, Council Member C. Davis made the following comment and asked that it be incorporated into the record.

"I just would like to say for the record that initially when the conversation began for the stadium, the conversations were talking of \$15 million for a stadium. And then we heard that we needed to go bigger through media and other sources. So, we got to \$30 million and now we're at \$36,100,000 and the \$15,000,000 that we've got, which is \$46,100,000. And you know the citizens didn't get to approve whether or not they wanted this. This is something that we didn't have documentation on until we sat down on April 3rd when we had a presentation in hand. Everything else was just overview. I just see this as a perpetual increase in taxpayer dollars that they had no voice in. They did, in fact, have presentations after our vote, but they have not had any legitimate say as to the debt that we're asking them to pay for. So, I will not be supporting this item either."

The Mayor then called for a vote on the MOTION. **The MOTION carried by a 7-1 vote as follows:**

Aye (7): Mayor Bencini; Mayor Pro Tem Wagner; and Council Members Alexander, Williams, Hill, J. Davis, and Ewing

Nay (1): Council Member C. Davis

Absent (1): Council Member Golden

170425 Resolution - Authorizing the Issuance of Limited Obligation Bonds - Downtown Multi-Use Sports and Entertainment Facility

Council is requested to adopt a Resolution Authorizing the Issuance of Limited Obligation Bonds, Series 2018 for the Proposed Financing of a Downtown Multi-Use Sports and Entertainment Facility, execution of a Master Trust Agreement and First Supplemental Trust Agreement and Bond Purchase Order.

Jeff Moore, Director of Financial Services, explained one of the additional and most likely final legal proceedings related to this project is for the issuance of the bonds. He referenced the formal proceedings before Council that would go to the Local Government Commission. The city's bond attorneys have prepared the resolution that would authorize the financing of the \$35,000,000 in Limited Obligation Bonds, and it would also authorize the mayor, city manager, and financial services director to sign and execute the related documents and approve the interest rates, purchase process, and any other terms of the bonds.

Council Member Alexander inquired as to if the bonds would be fixed-rate bonds and if any prepayment penalties would apply. Mr. Moore replied that these would be fixed-rate bonds, no prepayment penalty is expected and he further explained there would be an opportunity for refinancing once the call period of ten years is reached.

Council Member C. Davis asked if these would be taxable bonds and Mr. Moore replied in the affirmative.

Mayor Bencini then asked if there were any additional questions. There being none, he entertained a MOTION.

Council Member Alexander MOVED to adopt the resolution authorizing issuance of the \$35,000,000 in Limited Obligation Bonds. Mayor Pro Tem Wagner made a SECOND to the MOTION.

As a matter of further discussion, Council Member C. Davis asked that her previous comments be reflected on this matter as well.

Mayor Bencini called for a vote on the MOTION, which carried by a 7-1 vote as follows:

Aye (7): Mayor Bencini; Mayor Pro Tem Wagner; and Council Members Alexander, Williams, Hill, J. Davis, and Ewing

Nay (1): Council Member C. Davis

Absent (1): Council Member Golden

**Resolution No. 1727/17-74
Introduced 11/20/2017; Adopted 11/20/2017
Resolution Book, Volume XIX, Page 196**

170426 Capital Project Ordinance -Downtown Multi-Use Sports and Entertainment Capital Project

Council is requested to adopt a capital project ordinance for limited obligation bonds for the Downtown Multi-Use Sports and Entertainment Facility in the amount of \$36,000,000.

Eric Olmedo, Budget and Evaluation Manager, noted today's final action would be the appropriation of the \$35,000,000 in Limited Obligation Bonds. He explained that this covers the additional \$1,000,000 appropriation that would come from the General Fund. The Capital Project Ordinance Amendment for a total of \$36,000,000 is needed to appropriate the funding for the Downtown Multi-Use Sports and Entertainment project.

Council Member J. Davis asked where the additional \$1,000,000 came from out of the General Fund. Mr. Olmedo explained it came from the appropriated fund balance and further explained based on the CAFR, the numbers indicate that the city has outperformed from the budget and appropriated fund balance is available.

Mayor Bencini asked if there were any additional questions. There being none, he called for a motion.

Council Member Alexander MOVED adoption of the Capital Project Ordinance Amendment. Council Member Williams made a SECOND to the MOTION.

Council Member C. Davis asked that her previous objections and statements made on the previous items be included in the record for this item as well.

The motion carried by a 7-1 vote as follows:

Aye (7): Mayor Bencini; Mayor Pro Tem Wagner; and Council Members Alexander, Williams, Hill, J. Davis, and Ewing

Nay (1): Council Member C. Davis

Absent (1): Council Member Golden

Ordinance No. 7351/17-94
Introduced 11/20/2017; Adopted 11/20/2017
Ordinance Book, Volume XIX, Page 233

Adjournment

There being no further business to come before Council, the meeting adjourned at 4:32 p.m. upon motion duly made by Mayor Pro Tem Wagner and second by Council Member Ewing.

Respectfully Submitted,

William S. Bencini, Jr., Mayor

Attest:

Lisa B. Vierling, MMC
City Clerk