



FINANCE COMMITTEE

Chaired by Council Member Moore

Members: Moore, Hudson, Ewing, and Jones

May 3, 2018 – 3:00 p.m.

Third Floor Lobby Conference Room

Chair Britt Moore called the meeting to order at 3:00 p.m.

Present:

Chair Britt Moore, Committee Members: Jason Ewing, Wesley Hudson, Victor Jones

Also Present:

Mayor Jay Wagner

Staff Present: Randy McCaslin, Deputy City Manager; Randy Hemann, Assistant City Manager; Jeff Moore, Financial Director; Kim Thore, Right of Way Coordinator; Thomas Reid, Fire Chief; Garey Edwards, Electric Utilities Director; Terry Houck, Public Service Director; Derrick Boone, Public Service Assistant Director, Eric Olmedo, Budget and Evaluation Director; Greg Venable, Transportation Planning Administrator

Chair Moore stated if there were no objections from the committee, Mr. Jim Morgan, a longtime member and supporter of the High Point Arts Council, would make a brief statement at the end of the proceedings.

2018-133 Contract - Anixter - Underground Cable

City Council is requested to approve the award of contract for Bid No. 44 to Anixter for the purchase of 750 MCM Underground Cable in an amount not to exceed \$1,088,000.00 for the conversion of overhead electric lines to underground facilities for the Downtown Revitalization projects.

Chair Moore stated the Committee would begin with the first item 2018-133 regarding underground cable.

Randy McCaslin, Deputy City Manager stated, the first three items 2018-133, 2018-134 and 2018-135 are concerning underground projects in downtown and asked Garey Edwards, Electric Utilities Director, to give the presentations.

Mr. Edwards stated all three projects are connected with the revitalization project and the underground project on Centennial. These are all main feeder lines and expensive

cable. There is a caveat on the cable because of the issue with materials regarding the price of copper on the bid date. There will need to be an adjustment in price on the date of submitting the purchase order. That is why there is a difference in the price that is on the bid, versus what is being recommended.

Chair Moore asked if there was any discussion.

Council Member Jones asked what is the life span on these items. Mr. Edwards replied the cable last about 40 years.

Chair Moore made a motion to forward items 2018-133, 2018-134 and 2018-135 to Council with a favorable recommendation. Council Member Jones seconded. Motion carried unanimously with the following vote:

Aye: 4 - Council Member Moore, Council Member Hudson, Council Member Jones, and Council Member Ewing

2018-134 Contract - WESCO - PVC Conduit

City Council is requested to approve the award of contract for Bid No. 45 to WESCO for the purchase of PVC conduit in the amount of \$181,275.90 for the conversion of overhead electric lines to underground facilities for the Downtown Revitalization projects.

The vote to forward this item to Council with a favorable recommendation was made with item 2018-133.

2018-135 Contract - WESCO - Concrete Underground Vaults

Council is requested to approve the award of contract for Bid No. 50 to WESCO for the purchase of Concrete Underground Vaults in the amount of \$252,740.00 for the conversion of overhead electric lines to underground facilities for the Downtown Revitalization projects.

The vote to forward this item to Council with a favorable recommendation was made on item 2018-133.

2018-136 Contract - Control Systems Programmer - Ward WTP

City Council is requested to approve the Request for Qualification (RFQ) selection of Revere Control Systems in the amount of \$377,201.00 as the control systems programmer for the Ward Water Treatment Plant.

Mr. Terry Houck, Public Service Director, gave the presentation on this item. Mr. Houk stated the Ward Water Treatment Plant is under design for major electrical and HVAC upgrades. As part of that design a Request for Qualifications (RFQ) was sent out to select a programmer to do the integration part of the contract. The RFQ went out in January, and three qualified candidates were received. There was an evaluation performed by staff and Revere Control Systems, Inc. was selected to be the primary programmer. He noted the programmer will work with the City's Engineers and the Contractors to integrate the system. He said the Public Service Department recommends approval of the RFQ selection of Revere Control Systems, Inc. in the

amount of \$377, 201, and that the appropriate City official be authorized to execute all necessary documents to award the services.

Chair Moore asked if the City has worked with Revere Control Systems, Inc. before. Mr. Houck stated no, however, they are highly recommended.

Chair Moore motion to forward item 2018-136 to Council with a favorable recommendation. Council Member Jones seconded. Motion carried unanimously with the following vote:

Aye: 4 - Council Member Moore, Council Member Hudson, Council Member Jones, and Council Member Ewing

2018-137 Municipal Agreement - NCDOT - Sidewalk & Transit Improvements - Eastchester Drive

City Council is requested to approve a Municipal Agreement with the North Carolina Department of Transportation for Congestion Mitigation and Air Quality (CMAQ) funding to construct sidewalk and transit improvements on Eastchester Drive (Palladium Circulator Transit Connector).

Mr. Greg Venable, Transportation Planning Administrator, gave the staff presentation on this item.

Mr. Venable stated this a request for Congestion Mitigation Air Quality (CMAQ) funds for improvements on Eastchester Drive at the Palladium Circulator Transit Connector. He stated PART operates a Palladium Circulator and there is also a PART route that runs Eastchester, so this is to provide access points, shelter and sidewalk accommodations on both sides of 68. He stated the cost of this project to NCDOT is \$126,480, which is 80% of the total project cost. The City is responsible for the remaining 20% of the project cost which is \$31,620. The City's portion of the project will come from the 2004 General Obligation Intersection Improvement Bond fund.

Council Member Ewing asked if there are currently temporary stops. Mr. Venable stated yes, this will just be adding the shelters, benches etc. and should increase ridership. Council Member Jones asked when will the project start. Mr. Venable replied the contract would need to be put out to bid, but hopefully in the summer work can begin. Mr. McCaslin stated this is just the funding part of the project, the construction part will need to come back to Committee for approval.

Council Member Ewing motion to forward this item to Council with a favorable recommendation. Council Member Jones seconded. Motion carried with the following vote:

Aye: 4 -Council Member Moore, Council Member Hudson, Council Member Jones, and Council Member Ewing

2018-138 Agreement- Cherry Bekaert LLP - Audit Testing Procedures

City Council is requested to approve an agreement with Cherry Bekaert LLP in the amount of \$6,000.00 for special audit testing procedures required by the State Treasurer's Office as part of the Retirement System's audit and report.

Jeff Moore, Financial Services Director, gave the presentation on this item.

Mr. Moore stated the State Treasurer has requested the City to conduct a routine audit for the eligibility of participants in the states plan. The audit will verify all active employees and how they are classified, as well as verify if participants are reported properly to the state. Another factor the state will be verifying is to make sure participants are showing as an active employee and they are actually active on the City's payroll. The cost is \$6,000 which will be included in next year's budget. The Financial Service Department recommends approval.

Council Member Hudson motion to forward this item to Council with a favorable recommendation. Council Member Ewing seconded. Motion carried unanimously with the following vote:

Aye: 4 - Council Member Moore, Council Member Hudson, Council Member Jones, and Council Member Ewing

2018-139 Resolution Approving the Donation of Surplus Fire Equipment - Francisco Volunteer Fire Department

City Council is requested to adopt a Resolution approving the donation of a surplus 1992 Seagrave Pumper to the Francisco Volunteer Department.

Tommy Reid, Fire Chief, gave the staff presentation on this item.

Chief Reid stated the Pumper truck was inherited during the Deep River Fire District and City of High Point liquidation/merger. If this truck was sold as surplus the City might receive \$800 to \$3,000 for the vehicle. A request was made from the Francisco Volunteer Fire Department to donate the Seagrave Pumper to their organization as they do not have funds to purchase a truck.

Chair Moore, motion to forward this item to Council with a favorable recommendation. Council Member Jones, seconded the motion. Motion carried unanimously with the following vote:

Aye: 4 - Council Member Moore, Council Member Hudson, Council Member Jones, and Council Member Ewing

2018-140 Resolution - Lease Agreement - City Owned Property

City Council is requested to adopt a Resolution approve a lease agreement for city-owned property located at 1420 Bragg Avenue.

Randy McCaslin, Deputy City Manager, gave the staff report on this item.

Mr. McCaslin stated this property was purchased years ago for future expansion around the museum. He stated since there is not an immediate need to expand the area, a lease would provide revenue to the city. He stated the lease is for a five-year period at an annual rental of \$8,340. Kim Thore, Right of Way Director, noted there was a 60 day out in the lease.

Council Member Ewing asked if this is the parcel that immediately abuts the main Museum campus. Ms. Thore stated it is located on the corner of Main St. and Bragg Ave.

Chair Moore, motion to forward this item to Council with a favorable recommendation. Council Member Ewing, seconded. Motion carried unanimously with the following vote:

Aye: 4 - Council Member Moore, Council Member Hudson, Council Member Jones, and Council Member Ewing

2018-141 Resolution - Housing Authority of High Point - Redevelopment of Daniel Brooks Homes

City Council is requested to adopt a Resolution to fund a total of \$6,500,000 from the City's general fund budget over a three-year period with total funding available by March 31, 2021 to assist with redevelopment of Daniel Brooks Homes; and authorize the City Manager to execute funding commitment letters and associated documents as may be required to support the Housing Authority of the City of High Point in its pursuit of federal and state approvals associated with the redevelopment plan for Daniel Brooks. City funds will be used toward construction costs and infrastructure associated with the development of 100 new, mixed income affordable housing units and infrastructure on the existing Daniel Brooks site.

Mr. McCaslin gave the staff report on this item.

Mr. McCaslin stated the Housing Authority would like to replace the Daniel Brooks Complex. It will be a multi-year venture due to obtaining approval from HUD, the relocation of the residents, demolishing the current facility and construction of the new facility. The Housing Authority is in the process of applying to HUD, and a part of that, is to secure financing which will require an obligation from the City of \$6.5 million dollars over three years.

Chair Moore asked if this was a formalization of what the City has agreed to. Mr. McCaslin stated yes. Chair Britt asked when will they receive a response. Mr. McCaslin stated they expect to hear something by the end of the year.

Chair Britt motion to forward this item to Council with a favorable recommendation. Council Member Ewing second. Motion carried unanimously with the following vote:

Aye: 4 - Council Member Moore, Council Member Hudson, Council Member Jones, and Council Member Ewing

PENDING ITEMS

2018-100 High Point Area Arts Council Assistance Agreement

City Council is requested to approve an Agreement providing assistance from the City of High Point of up to \$181,324.00 over the next two fiscal years for the satisfaction of a \$362,648 mortgage associated with the High Point Area Arts Council purchase of property located at 121 S. Centennial Street.

_____ Transcript _____

Chairman Britt: I want to bring back into this meeting the pending item number 2018-100 as mentioned in the beginning concerning this request for assistance to the High Point Arts

Council. Jim I told you, you could speak and I'm going to let you speak a few minutes just know that you had several members that were here to share with us before. We appreciate you taking the time to come and talk to us.

Jim Morgan: Thank you for letting me be here. This is a very important issue for me and for the Arts Council and I think for our City. I want to give you just a little bit of history. We were the largest community in North Carolina that did not have an Arts Center or a home. One of the reasons for that, was that we could not reach a consensus with the City Council about where it ought to be. Now I want you to understand that's not being critical, because as a matter of fact, over those years when we were debating where to put it and drawing plans and so forth, the Council was very supportive. They were giving us more money for operations and they also paid the rent when we were downtown. I can't remember...the old Enterprise building, remember that? Then after we left there, when I came in as Chairman of the Arts Council we were at the Parks and Recreation and did not have to pay any rent. We were receiving more money than we are receiving now for our budget and we were also getting free rent. I have been involved with Arts for a long time. I was Fund Raising Chairman three or four times. I believe in the Arts because I think it changes lives like athletics did for me. When you go and see all of those things going on with young people, middle age and older people involved and how it changes their lives. The long story short, when I came in as Chairman in 2012, I got a call that the Centennial Station was in foreclosure, and that there was a deal on it. We had a committee Sparky Stroud, Debbie and Dave McCoy and I said go look at it and if you like it come back. They did, and then I said well we got to have the Mayor and the City Manager agree that's a good location. We had a meeting. Strib was out of town, but Randy was there, and Mayor Smothers and I think we all concurred that it was an ideal spot. I think the Mayor said I wished we could have thought of it maybe a Senior Center or something in that fashion. We were able to get the bid and we paid don't hold me to the exact figure Mr. Chairman but roughly \$1 million dollars, but that included some repairs we needed to do to the roof, buying all the equipment inside for about \$50,000 and we had two notes. One was two hundred and some thousand and the balance of eight hundred thousand was more of a long term note. We've been working over these years to pay it off. My number one rule on heading it up was that every penny that came in was taken and paid on the mortgage. Every penny. Give you an example the County gave us \$200,000 and Debbie went and picked up the check, I was at the.. behind the High Point bank, I opened the back door and handed it to the banker from the County. Every penny. Now of course the struggle we've had is that we've had to reach in our pocket to pay the interest. The big issue that we've had, and somebody mentioned it in the hall, what about other people. Well you know we have raised roughly \$700,000 but now when we go for grants we hear what is the City doing? Has the City been involved with this at all. We always say yes, they help us with our budget every year but they haven't participated in the capital fund. I'm convinced with my heart and soul and one of the reason we came instead of just coming and saying we want a grant a flat out grant, I'm convinced the way we've got it structured we can get it paid for quickly. Here is my hope, the way this is structured we got Randy \$90,000 this year which would be by June 30th and then next year which begins July 1st, I'm hopeful that we'll go out and get the matching, we will pay for the building very very quickly and at least we got to raise the \$90,000 by June. We need your help, we need it as quickly as you can, so I can go to work under this structure. The last thing I want to say to you is that we have been a huge economic growth for High Point. We are used almost every weekend during the year for events, including the City. We had an awards banquet, for the City Fire Department. It brings in people. When I travel around the State and surrounding Counties they say what a wonderful place, it is very unique. You got a stage, you got a bar, you got a set up kitchen you got everything, and it is very very unique. The County feels it is

so unique instead of us being in the non-profit budget each year, we are in and Randy help me economic development section of their budget. That's where we are. If I could get on my hands and knees, I would. I need your help to get this paid for. You can imagine how it is eating on me. It's a great location. The last thing I want to say to you is we got a deal, if we need to sell it and I hope we don't we could get a lot more money than we paid, we have interest off the record please Pat. But we don't want to sell it because we think it's so ideal and even if we got a lot of money, if you figure out what it costs to go build that size facility. The last thing I'll say the ballet is back, they had basically moved to Winston now they are doing their shows at the Theatre which helps High Point. We've got the Community Theatre. We gave them free rent there, and they are doing their performances at Christ Church Mr. Chairman, they are doing them at the theatre, and they are doing them here, and they are all back in High Point. Bringing in business, bringing in people and doing great things. So please help and I promise you that I am going to be go wide open to get this done quickly.

Chairman Moore: Any comments or questions for Mr. Morgan that we have not been through before? Thank you, Jim, we appreciate it.

Council Member Ewing: Clarification on the agreement. Couple of questions. One, I don't know who drafted it and maybe there is an error, looking at the 2016-2017 audit of the financial statements, it shows the credit line having a balance of \$23,000 as of 17 but in this agreement, it says that there is a line of credit with an estimated balance of \$250,000.

Jim Morgan: Incorrect. We have, that I personally guarantee we have a line of credit of \$50,000 that goes back and forth you know up and down, sometimes it is zero sometimes it is there, and I did it in case we have some kind of emergency. That was the other thing that hurt us Councilman, we use to have a pretty good size reserve, but now paying the interest, having cuts from the City, you know we have had to go into those reserves. It is my hope and prayer that what's going to happen is, we will raise more than enough money, we'll pay the mortgage off and we will have our reserves back and we will continue to maybe get some increases from the City and we will be in great financial shape. We got some great things going on. Did that clarify for you?

Council Member Ewing: Yes. That was one clarification. Those two numbers did not match. That should be fine. \$25,000 maybe is the balance? If \$23,000 was the 2017 balance?

Jim Morgan: I don't want to say because I don't know. But that doesn't have anything to do with our agreement. This is only on the mortgage on the building.

Council Member Ewing: It was just a paragraph for information.

Jim Morgan: Right, it was just for information. The only thing you are agreeing to is to three Randy, I think its 363 that we owe on that actual mortgage. The challenge is.. You are going the challenge is half of it and we are going to do the other half, and if we don't do the other half we don't get a penny. Nothing.

Randy Hemann, Assistant City Manager: I think the only reason thats in there is to say there is a line of credit and these funds are not to be used to pay off that line of credit.

Council Member Ewing: Second question, ties into that. Proposed \$90,662 in 18 and 19, the way I read it, and I'm not an attorney but there is enough in this room, if you guys raise \$90,661 we don't have to match it. Is that correct?

Randy Hemann: No.

Mayor Wagner: No. It's up to.

Council Member Ewing: It doesn't say up to.

Randy Hemann: It should say not to exceed and I think we have told JoAnne the language needs to be changed to say not to exceed.

Mayor Wagner: It should be not to exceed.

Randy Hemann: So it would be up to that amount.

Jim Morgan: Let me state again, as I want a clear understanding here. If you approve this Monday, which I hope you'll do, to give me a little room here between now and June 30th. We must by end of June raise that \$90,000 if we don't we loose it.

Randy Hemann: Actually, it is June 15th is the way this is written.

Jim Morgan: Oh God. Can you do that to the end of the end of the year?

Mayor Wagner: I think we can do June 30, I don't see why not.

Jim Morgan: But anyway, you understand my understanding.

Council Member Hudson: We match any amount you raise. Jim Morgan: Right.

Council Member Hudson: You don't have to raise the total amount for us to pay the total amount.

In Audiable: All talking at once.

Jim Morgan: Let me assure you that I'm going to do everything in my power to raise that 90 and more what I hope. Let me give you an example, I would hope that maybe you would give us \$200,000. Write the check and then on June 30th if you extend that date, you will give us a check for 90 and on July 3rd of whatever you will give us the other 90 cause we matched it. We've matched it.... Any other questions Council?

Council Member Ewing: I think that is the only question.

Mayor Wagner: The way this is set up, the funds will go into a fund with the Community Foundation. As the money gets raised, it is not pledges it is actual dollars. Jim goes out and gets a certified check from somebody or whatever he takes it to the Community Foundation, they hold the money, and then when the deadline hits, we match whatever is in that account and the Community Foundation makes the payment.

Jim Morgan: Let me say this, Mayor I think that.... Let us take this example so we are on the same page. Let us say that next week after you approve this I get, then I would take, you

would pay the 90 as soon as we give you notice or the foundation does, and then in July whenever the next year starts, if they notify you we've got it.

Mayor Wagner: Correct. That's right.

Jim Morgan: And probably what I would do if I get donations that are big enough again, my policy get it to the foundation let them write a check quickly to the bank so our interest stops. And they would just certify it back to you.

Mayor Wagner: Correct.

Council Member Ewing: How many capital fund drives have there been since the building was purchased in November of 2012?

Jim Morgan: We have done a lot of grants. As I said earlier the reason that we have been turned down or what we have been told was the City wasn't participating in those grants. Now we've raised very quietly, I've been very quiet about it about \$700,000. We have thought for a number of years, again this isn't being critical that the City was going to step up and then we were going to really crank it up and say the City in, send us the money within this time period so we can pay it off. That's where we were. So, I have been quiet about it. I raised the \$700,000, the only time I was really vocal about it was when I went with my black tie one night to the County Commissioners meeting and I did that because I was on my way to a party. But anyway, they approved it and two or three days we got their check.

Council Member Ewing: So, is that 700 include the 200 they gave? Jim Morgan: Yes.

Chair Moore: That money has gone to mainly operating expense or?

Jim Morgan: No Sir. I'm going to be very adamant about this Mr. Chairman. Every penny raised for the capital campaign has been paid on principal. Every penny. We took the check either directly or as soon as it cleared to the bank.

Council Member Ewing: My question on that in looking at the Deed of Trust, and the report information it was purchased for \$860,000 and the note was for \$731,000.

Jim Morgan: But we had a supplementary note of \$200 and some thousand. The way I structured it at that bank, we had a deed of trust on the building and then we had another note that we deeded. And you know that was kind of the banking regulations I had to deal with and that \$200 and some thousand was short term, we had to pay that off very quickly. As a matter of fact we burn that note in April of 2013 just a few months after we bought it we closed in November and we paid that \$200 plus thousand off in the next year. Pictures are up over there.

Council Member Ewing: The current note the finale principal payment is due November of next year? Is that correct?

Jim Morgan: Yea the way its structured now and we restructured it, it was one of those five year balloons, so we're in that second. And the way I restructured it was that every year in November \$29,000 is paid and then we have to pay the interest quarterly, but I hope that's over if you will help me here and help the Arts Council and help our city. You know if we

raised the money hopefully by certainly by the end of June and then certainly early next year then there is no more payment.

Chair Moore: Is it a fixed rate? Is the interest rate on your loan fixed? I know it's a five year balloon.

Jim Morgan: Yea, I think the last time, you know without the documents in front of me, I'm 99% that it is a fixed rate for five years.

Council Member Ewing: Based on the auditor, she said prime plus 1%.

Jim Morgan: Ok. So I was wrong.

Council Member Ewing: It floats a little bit, prime isn't moving too much.

Randy McCaslin: It's been fixed for a long time.

Jim Morgan: But again, I can't tell you what this means to me and the City, you know I just need to get it off my plate please, please, please.

Council Member Jones: Jim, whose driving the boat on the Arts Council to try to get it profitable? I mean you got a venue like that, that should be getting \$2,500 an afternoon for the weddings, that's what I do, I don't know why it hasn't gotten the.. its a business why hasn't it got more profitable?

Jim Morgan: Well the one thing that's been hurting us is the interest payment and again we are doing the business and I think that we are pretty close to making money or breaking even matter fact we did not have any interest payment and some other things, so I think if we get this off our back and some other good things we got working. For example, we've increased our parking during the Markets dramatically. I think we will be on very sound footing if we can get our reserves built back. The City can continue to help us with our budget funding and so forth.

Council Member Jones: Who's the person that's responsible to see to it that the Arts Council starts bringing in more money?

Jim Morgan: Debbie Lumpkins is our Executive Director, we have a staff, we use other a company to help us with our books that saves us money. We've got a good Board that's working. The one thing that we off the record Pat that we haven't done that we really need to do is to find a good fund-raising project, a good one. We've struggled. We used to have an Arts Ball that was great and then you know trends change, then we had Expo Vino and that kind of change so we're working on some fund raising projects that's the key.

Council Member Jones: I say they need a marketing person because I mean I never seen, I've seen the people from every wedding venue in North Carolina and everything that I go to I've never once seen anybody from there out there.

Jim Morgan: I think we are in publications and so forth. We have a lady that has been very good at keeping us full but refer me to somebody anything I do I want to use good business sense.

Council Member Jones: Just have whoever that person is to call me, and I'll give them some of my time.

Jim Morgan: I will have Debbie or somebody to call you.

Council Member Hudson: We do get in trouble, that is not the mission statement of the Arts Council. So, if you start booking the Arts Council building to do weddings every weekend, you are eliminating Art Council events and that's the Mission Statement of the Arts Council.

Jim Morgan: And that again is the reason that we are not getting money every night because Community Foundation I mean not Community Foundation Community Theatre or one of our other affiliates needs it we want to be helpful. That's the reason we've given them Community Theatre and the Ballet free rent because we want them back in High Point. We want them here. Because they've been all over the place. And again, that helps us.

Council Member Ewing: Facility rental based on these statements its \$11,000 a year income, so it's not.

Council Member Hudson: It's also something new that they are doing.

Jim Morgan: Jason, correct me that maybe after the interest and everything is paid on the building, I'm not sure which line item that...

Council Member Ewing: That's just the facility rental net income line item.

Jim Morgan: I don't know if that covers our bar because lucrative..... Chair Moore: Any other comments?

Council Member Ewing: Just a statement before we move on. One of my concerns and it's a big concern that not only this Council, previous Council and previous Councils have discussed cause fund raising is not a new issue for the Arts Council. We had this conversation five years ago six years ago the first time I was on the Council and were dealing with budget allocations and in looking at these statements and I understand that if you eliminated \$20,000 interest payment every year right now just 16 and 17 looking at the net assets and the cash flow statements its losing about 20 grand a year. So, you eliminate the interest payment and its break even.

Council Member Jones: If nothing else changes.

Council Member Ewing: Right. If nothing else changes. But its losing more every year, and I guess my concern is putting good money after bad the way its losing money and there is no change no apparent change in programming that is attracting new people that's showing interest in the Arts.

Jim Morgan: That's not correct. We are always working on new programs. We are always trying to do as much as we can with the building and this has been one of our push back. Now it's like he said, we are not in the business to make money but we are certainly not in the business to lose money. I think on the building that we are doing great. Particularly if we get it done. And then I think that gives us some lead way to work on some other things. So, I'm enthusiastic and I think once if you will help us with this I think we are going to be there. The

last point on that is I don't know if you caught it or not but I think the property is worth a lot more than we paid for it. And that doesn't show up.

Council Member Ewing: It doesn't and frankly and that is more my case not to help because we've got a more expensive property that's off the tax rolls that now that we've formulated the market district it's in the middle of the market district that we could be earning tax revenue from as show room or an occupied venue and move the Arts closer to our Core City Project that we are redeveloping to have all these activities and feet on the street that could then benefit the Arts Council.

Jim Morgan: But remember the debate was where we ought to be. That was from prior Council before I became involved and to me it's important that our location is roughly where we are because people can find it, it's close to going to be close to our new ball facility and other things where we can use we are cooperating with GTCC and their Theatre. So, it's a lot of good things going. Wesley eluded to what the mission of the Arts Council is. I think we always have a tendency to look at organizations like that from a business stand point but the Arts Council is essentially a charity. It's there to promote the arts and supports its affiliates. A lot of what the Arts Council does as well is providing free arts education for people in High Point who can't afford it. It's almost as if we have our own arts department but it's not part of the city and I don't think we should have an Arts Department.

Jim Morgan: Every year Mayor we do these free concerts all over town. We do it at transportation center, we do it at the parks for some people that may couldn't go to these events.

Mayor Wagner: You have to remember I mean that is their mission. It's not to run a wedding venue. I mean that's the way they helping to pay their bills but that is not their primary mission. It is supporting the affiliates and providing arts education and opportunities to people in town who can't afford it.

Council Member Ewing: The Arts in the Park and the Depot is that what you said?

Council Member Jones: Arts Splash.

Jim Morgan: Arts Splash is in I think late summer and we do it different locations, we do it at the park, Washington Terrace.

Council Member Ewing: In all those we above and beyond the annual allocation we in kind if I'm wrong with what we discussed in kind events services. We in kind for all this don't we? Police coverage, park use, whatnot.

Randy McCaslin: That is correct. Best of my knowledge.

Jim Morgan: Say again, I didn't understand you.

Council Member Ewing: All the City sports those events above and beyond are operational allocations.

Jim Morgan: Yeah, they do.

Council Member Ewing: We in kind services, we in kind use of parks and facilities and whatnot.

Jim Morgan: Yes, but we spend our money to put them on, bring the entertainment and I think it's good for the City. If you'll look at Greensboro and Winston you know the money City Council spent for facilities and the arts, I just think they are so important.

Council Ewing: Does the CDB support driving any of the marketing on those events?

Jim Morgan: Absolutely CDB has been very very good to us over the years. I'm a past Chairman three or four times over, they have just been great. I think they understand the economic development and I hope that if we go down the road we can move from a nonprofit status into the economic development like we are in the county budget. I think that is really where we ought to be.

Council Member Hudson: If I can share about the future. The principal payment comes out of capital campaign. The interest payment comes out of operations. Correct?

Jim Morgan: That is correct.

Council Member Hudson: About \$19,000 I know part of Debbie's thought is that extra \$19,000 is going to go to promote more of those type of events. She doesn't she is not putting it back into the facility she wants to promote more arts splash and more of those. She has the idea, she just doesn't have the funding to do more city-wide events. That's her focus.

Jim Morgan: The only thing that I'm going to insist on if we can make this successful is to have reserves where you don't have to go guaranteed line of credit. I getting ready to move on if we can get this through and get the building paid for. I've served my time.

Mayor Wagner: I think there is a couple of more points that need to be made too. One of them is again, you have to look at the big picture of what having a healthy arts organization in town means to our City, in terms of people you can attract to live here. If they are not healthy or in danger of going under what does that say about our City and our commitment to things like that or the museum or library which are things we to be personally honest with you are things we don't have to have. But those are choices that we have made to have those things. The other thing is really that again, I go back to the fact this is an organization it is not a business in essence a charitable organization. Of course, we want them to be healthy and have lots of money and to be able to afford money back into things an in an ideal world get to the point where corporate sponsorships are so big that the City doesn't have to support them. If you look at Arts Organizations nationwide there is always Government support for them. It's just the way they.

Chair Moore: It has always been a tough issue back for several hundred years. It's been no secret some of my feelings over the years about how we finance a lot of things. Total respect, I love the Arts yall seen me around at different things and I do think they are important. This is a tough issue for a lot of reasons. But with respect to them being a charitable organization there is one organization that does have to make some money and that's the City. Trying to pin point a return on investment on some of these type things is awfully difficult.

Mayor Wagner: I think too, my last point will be, I think we are getting out cheap. I really do. We are not talking about a huge amount of money. I mean I understand for a lot of people that is a lot of money and if you wrote me a check for it I would be very happy. But you know on the same note it's not a huge amount of money considering the City's around us that are our size in the state and what they are willing to spend Arts facilities to make sure the arts community is healthy and prosperous in helping save their city. As we go forward with what we got going on downtown, the Arts are going to be a part of that, and they want to be a part of that. They want to help us with things like public art, helping to get programming, I think they will be a part of that, and they need to be a part of that.

Council Member Jones: I would just like to encourage that sliding scale from nonprofit to business to slide a little bit more to the business end.

Mayor Wagner: I understand that.

Council Member Jones: Then, if they would come back and say hey we took that number from \$11,000 to \$80,000 in 2018, I would consider it a very successful move it takes a lot of pressure off of the City.

Mayor Wagner: Yes, that would be great. But ultimately, I think it comes down to what is your view about organization and what our supports for the ought to be. The flip side to that argument is well they are making lots of money we don't need to give them anything. Then you can look at it now and say well they are not doing so well so why should be put good money after bad. I mean there are arguments made on both sides whether they are making money or they are not making money. Its ultimately it comes down to whether you support what they are doing and want them to be successful and I just think that is important for our city.

Chair Moore: Spoken well Mayor, I don't think there is anybody sitting in this room that doesn't want them to be successful.

Council Member Ewing: One last question for you before you make any movement Mr. Chair. If this City does support the Arts Council in some form of this agreement is the Arts Council willing to deed the facility to the City? Then lease it back for a dollar.

Jim Morgan: I'm not sure, how Greensboro has done that and Winston. I think what they have done and again, I don't know, I'm not sure of. I think what they've done has taken over the management of the building. It is still owned by the Arts but again, kind of like what we did the museum years ago. It is now owned by the City and basically run by the city. My dad help start the museum. You know there are other things that goes like that. But my thought on that right now, it is better for the City not to have more responsibilities and personnel. Let us do it. But I think all options are always open. What's best for the City and what's best for the Arts. I really feel, if you give this challenge and remember the County Commissioners did it six years ago, if we would have had it then I think it would have been paid for, that we are going to be fine and that we want to work with you because the Arts are important. If you ever go to one of the plays or ever been to the ballet and see those young people. I invite ya'll to come in and watch them rehearse when you see those young kids, personalities are changed. When they get up and speak or they sing or they dance.

Chair Moore: I think they are all valid points. Is there any other discussion or questions at this point or comments from anybody? I will entertain a motion if there is one.
I will make a motion that we move this item forward to Mondays Agenda with no recommendation but full consideration of the entire Council.

Council Member Jones: I second that.

Chair Moore: That is a motion and second any comments or discussion? All in favor?
Unanimous Aye's

Chair Moore: That motion passes.

Jim Morgan: Thank you for hearing me.

Chair Moore: Thank you for coming Jim.

[end of transcript]

ADJOURMENT

There being no further business to come before the Finance Committee, the meeting adjourned at 3:54 p.m.

Sandra Keeney, Deputy City Clerk

Britt Moore, Chairman