

**MOUNT AIRY, NORTH CAROLINA**  
**CLOSED SESSION MINUTES-CITY APPOINTED COMMITTEE MEETING**  
**Negotiations with County of Surry-Spencer's Economic Development Project**  
**September 13, 2018**

**MEMBERS PRESENT:** Mayor David L. Rowe, Commissioner Jon Cawley, Commissioner Larry Phillips, Commissioner Larry Johnson, Bryan Grote, Gene Rees, County Manager Chris Knopf, Finance Director Pam Stone and City Manager Barbara Jones

Mayor Rowe welcomed everyone and opened the meeting.

**CLOSED SESSION:**

**Commissioner Cawley made a motion to enter into closed session pursuant to North Carolina General Statute 143-318.11(a)(4) Economic Development. Motion was seconded by Commissioner Phillips and passed unanimously.**

**NCGS 143-318.11(a)(4) Economic Development:**  
*(Spencer's Economic Development Project)*

City Manager Barbara Jones opened the discussion by extending a thank you to the County for meeting with the city and agreeing to participate in the Spencer's Mill Redevelopment Project.

Bryan Grote discussed the models/feasibility, sales tax and property taxes. He reviewed the attached data. He stated that the base case that was previously discussed with the County Board was not realistic now due to the Barter negotiations. There will be certain classes of ticket sales, school groups, etc. discounted whereby the Barter will not charge the \$7.50 fee, which will lessen the amount coming to the City. The Barter wants this, which is projected at a 20% reduction of surcharge. Bryan stated that the Barter will not tie revenue to ticket sales.

There was discussion that the City has employed DFI with the School of Government to complete an impact study showing the feasibility of what the developers are presenting and have also contracted with Steve Powell for a feasibility study on the sales tax, which an individual from NC State will be providing the report and data.

Commissioner Johnson asked if the current offer of support from the County still stands or is it gone. He referred to property taxes being 100% back on the theater and 50% back on the hotel/apartment for 6-7 years. He said that a 20-year commitment is a long time.

There was discussion on a 10-year agreement and to reevaluate at that time. There was discussion of a best-case situation or what does it mean if projections are less or better.

Commissioner Cawley referenced that he is not comfortable getting the money up front that he wants a percentage of the sales tax and then the City can cap it.

Commissioner Cawley said that a five-year agreement is what the board approved and asked why we are talking about 20-years, he has not heard that. The Board agreed to a five-year arrangement. Commissioner Johnson stated he was at the board meeting and heard the same thing.

Bryan referenced the original discussion was five-years but with more discussion with Dana and Gray, he doesn't think they will agree. We are currently waiting on their term sheets.

Commissioner Johnson said the County has no risks and they are supporting not partnering.

Gene Rees referenced less risk and cash equity.

Commissioner Johnson said if the theater fails be prepared with construction so what's next?

Commissioner Cawley stated again that the vote was 5-0 for a five-year agreement and it gives him heartburn to be talking about something different. He said 20-years is a deal breaker for him.

Commissioner Cawley said he would want that the property cannot be sold in the agreement. If that is not in, that would be a deal breaker for him.

Commissioner Johnson asked County Manager Chris Knopf for a response. He said that he would like the attorneys to develop a framework for the MOU for consideration.

There was discussion of a formula to calculate a percentage for the sales tax and a percentage for the property taxes.

It was agreed to leave the arrangement in place that the County approved in March. Both Commissioner Phillips and Johnson said they would consider a 10-year lease arrangement but that would be the max. Twenty years is out with the County.

Gene Rees stated that the County will receive approximately \$600,000 per year and the request is to give the City \$175,000 over 20-years totaling \$3.5 million.

Commissioner Phillips said at the last meeting, Commissioner Cawley referenced \$250,000 over 20-years or he's out. Commissioner Cawley again said he is adamant that the board voted for five-years.

Gene Rees said that after five years, if the City bought the facility would there be any advantage?

Commissioner Johnson asked what has changed for the Barter to have skin in the game. Bryan said that the Barter is now managing the capital campaign. They still will not agree to a ticket guarantee but they have agreed to a performance guarantee and they have agreed to a \$7.50 ticket fee instead of a \$5.00 fee.

There was discussion on economic growth for Mount Airy, sales tax for all, building of relationship with the state for funding and the 1/2 –cent increase on the sales tax.

The County officials stated that the County is not going to get serious until the City finalizes what they are doing. Both Commissioners Phillips and Johnson stated this project would be great economic growth for Mount Airy.

Everyone expressed thanks for the meeting.

**These minutes are sealed until the transaction consummates or terminates.**

**OPEN SESSION:**

**Commissioner Cawley made a motion to enter back into open session. Commissioner Johnson seconded it and it was passed unanimously.**

With no further discussion, Mayor Rowe declared the meeting adjourned.

Approved and adopted this the 15<sup>th</sup> day of August, 2019.

CLOSED SESSION