

**MOUNT AIRY, NORTH CAROLINA  
CLOSED SESSION  
December 6, 2018**

**MEMBERS PRESENT: Mayor David Rowe, Commissioners Jim Armbrister, Shirley Brinkley, Dean Brown, and Steve Yokeley.**

**MEMBER ABSENT: Commissioner Jon Cawley**

**APPROVAL OF AGENDA: On motion by Commissioner Brinkley, seconded by Commissioner Brown and passed unanimously, the agenda was approved.**

**APPROVAL OF MINUTES: On motion by Commissioner Brown, seconded by Commissioner Yokeley, the minutes of August 2, 2018, and August 16, 2018 were unanimously approved.**

**CLOSED SESSION: Pursuant to NCGS 143-318.11(a)(3) Attorney-Client Privilege:**

***Angel vs City of Mount Airy Update***

Kevin Williams, of Bell Davis Pitt spoke to the Board by phone regarding the status of the case. He advised that he has had conversations with the plaintiff's attorney as well as Barbara and Hugh. Their aim has been to get the City out of the case in the most cost effective way possible. One suggestion was that since the terms of Dr. Thomas Jackson and Nolan Kirkman were due to expire, it would stand to reason that appointing two new members to the authority should resolve the issue. Randy James, the plaintiff's lawyer, indicated earlier today to Howard Jones (the County's attorney) that he would take a dismissal of the declaratory judgment action, which is the only cause of action pending against the City. Providing that the City appoints two new members from the city limits to the airport authority, they would consider dismissing the case with prejudice. This action should happen tomorrow (Friday). Dismissing with prejudice means that the City would not be brought back into the suit.

Barbara stated that we have prepared a resolution stipulating that the appointments shall be city residents, and the board has had some discussion regarding using board members as members of the airport authority. Hugh stated that these terms would begin January 1 and would be four-year terms. He noted that Surry County and the Airport Authority have recommended that our elected officials serve on this authority as well. Kevin stated that once this is done in open session, he will call Randy and let him know what has been done. Barbara agreed to send whatever resolution is approved in open session to Kevin after the meeting.

**CLOSED SESSION: Pursuant to NCGS 143-318.11(a)(3) Attorney-Client Privilege:**

This item remains sealed.

**CLOSED SESSION: Pursuant to NCGS 143-318.11(a)(4) Economic Development:**

***Spencer's Mill:***

Hugh advised the board that Larry Johnson, Surry County Commissioner, is waiting to sit in on this item. He advised that in this situation, he would merely be a private citizen since it appears that he is not here on request of his board. There should be a consensus of the board as to whether to permit him to sit in on the item. Mayor Rowe contacted Frayda Bluestein at the Institute of Government regarding this type of situation. Barbara responded that Frayda had indicated that items of a personnel or attorney/client nature should be restricted to those necessary to the discussion. Items of economic development, if we are participating in incentives with Surry County, then they could attend the discussion, either the whole board or an appointee of their board. Barbara cautioned that closed sessions are held in accordance with the statute that allows it and we need to adhere to that. Typically that involves staff and individuals that can add facts and information that are material to the decision that the board may make. We need to be aware of that and we must be careful to stay within the law with what we do. When inviting citizens to a closed session, we need to be aware of what the purpose is and how do they contribute to what you are talking about. She noted that confidentiality is important in a closed session. She stated that she is unaware of whether Mr. Johnson has been asked by his board to represent them at this meeting, to which Mayor replied that he did not think they had sent him.

Mayor informed the board that Charlie Vaughn (regarding removal of Duke Power utilities) has consulted with Joe Hooten of Windsor Construction Company, who is working on the Belmont-Sayre project. They have discovered a pretty significant drop in the basement floor of the back side of the building, between the new construction and old construction. This is a 7" drop that has fractured the wall. You can see through the wall to the dirt on the other side. It is a stacked block wall with no cement or reinforcement of any kind. In order to build in that building, it will have to be jacked up and stabilized, a new wall built, with the building set back down on the new wall. This is probably a \$300,000-\$400,000 exercise by Charlie's estimate. They could come back to the City asking for us to pay for this. They might also not do the project if this causes the loan not to go through. It may not even come up, but he wanted the board to be aware of the issue. Also they have talked with Duke Energy about using the substation in front at Willow Street to supply power but they will not due to the age of the equipment. In the junction station off of Building 9, however, when they take that out, there will be no power to Building 9. It may then cost \$300,000-\$400,000 to bring Building 9 up to code.

Gene Rees addressed the board to discuss his plans and thoughts to help the City navigate the Spencer's development that would a positive outcome for the City and economically beneficial for the City and good for the community. Regarding his property, he has to complete construction here in 2019 due to its attachment with his tax credit application with the property across the street. Originally he discussed with the community college about a culinary school but then around two months ago they discovered that the Second Harvest Food Bank was already working on a parallel track. Second Harvest does retraining of hard-to-hire adults, and the community college's aim was toward hospitality and culinary for all types of students, whether a recently graduated high school student or an older person, or a hard to hire person. In Forsyth County, their program is a joint program between Forsyth

Tech and the Second Harvest Food Bank. The college provides instructional help which they receive FTE enrollment dollars from the state for it. After their funding period, they are self-supporting.

Gene stated that he was having difficulty with the state ethics commission regarding a project that the college and also a trustee would be involved in. This idea would involve some of the City's back property, on the back corner of the cube. His building in the front would now be a civic events center. He would upfit the building that currently has no roof as well as the larger one with the steel trusses. This would be Jessica Cockerham's operation. The City's involvement in this would be some demolition and site work on areas that would be municipal areas. He has to start work next month on something, so he doesn't need to know tonight but there will be a timeline when they will need a decision. He thinks this will be a very workable development plan for the entire Spencer's project. It won't be a \$45 million dollar project but it could be a \$20-25 million dollar development. He doesn't expect any recurring obligations for the City with the exception of maintenance of parking lots. He states that there will be a lot of private money in this. To be able to recruit developers, he thinks it will involve leaving the cube building and leaving the hotel building, and then also the corner that Tammy (PTRC) is interested in, as well as Gene's building, and then whatever the Board decides to do on Franklin Street. The City will need to begin the process to develop a plan to develop the property. As it sits, he believes that it has no value to anyone.

Lizzie Morrison stated that it was important to understand Second Harvest's connection to Providence Kitchen and the impact on Mount Airy as a community beyond the economic impact. A video explaining the efforts of Second Harvest was shown to those present.

Tammy Caudill of PTRC spoke regarding their proposal. They have been studying different counties including Surry for what the need is in economic development. One need is for culinary and culinary training. They already partner with Providence with their apprenticeship programs and with their Second Harvest program, which has been in place since 2005. This program has an over 80% success rate in getting people into the program and staying in the industry for a minimum of five years. These are unemployed, underemployed people, some homeless, some struggling with a drug addiction, some previously incarcerated. They are focused on training a population that otherwise could not get a job to get employed as part of a quality staff.

PTRC would like to help with economic development. She has applied for an Appalachian Regional Commission grant to study the needs are for Surry and Forsyth Counties. They have also done a feasibility study on what the need is here. We also need a facility for them to work in. The county has offered a space that would be good for a training facility, however 80% of Providence's funding comes from self-funding and social enterprise, so they need to be able to cater. They do prepared meals for other non-profit organizations, they prepare meals for youth that are food insecure in tutoring programs. She stated that Gene had mentioned to them that there might be an opportunity for the City to be able to donate some space to be utilized for that purpose.

Gene explained that the training program will have an instructional kitchen. Tammy will apply in January for \$1.5 million grant to fund both the kitchen construction and wrap-up of the construction piece of this program. He noted that the City Schools Central Office had offered about 2,500 in their central office area. This would have to be upfitted. The back corner of the cube building, an offset building, is about 5,500 feet which is exactly what they need for both the instructional kitchen and a revenue-generating kitchen. He believes it is more economical for them to do them both in the same location rather than the instructional kitchen at the city schools location and the second kitchen at Spencer's. Surry Community College will have not only culinary, but all aspects of hospitality, which will be part of the instructional program. Martin took them to show them the offset building on the back corner of the cube. He stated that what they would like for the Board to consider today is the back culinary piece would be piece #1 of an incremental development of the spencer's property. The second piece would be the cube building which will stay undeveloped for now. He stated that Jessica Cockerham will present her plans for Gene's building on Willow Street, which was going to be the culinary school for Surry Community College, however now the back offset building will now be the location of the culinary school.

Hugh Campbell questioned if the building would stay titled with the City so there would be no new tax revenues? Gene stated that it doesn't matter who owns it. The grant pays for all of the equipment. If Second Harvest doesn't own the building, the grant will not pay for wiring, hvac, plumbing, etc. Tammy clarified it is a non-construction grant. Gene stated that anybody could own it. If it is owned by them it would be a non-taxpaying. Hugh stated that when we looked at it previously, there were concerns about a non-profit owning portions of Spencer's who would pay no taxes. This would also seem to be a non-taxpaying entity as a non-profit. Gene affirmed that was correct for the 5,500 square foot building but the cube building would be a different matter. Mayor asked what the request was for this. Gene responded that for this piece the request would be that they would want the building; either to buy it or have it donated. The way the grant is written, depending on who owns the building, they would put up \$1.5 million. Gene stated that someone would have to put money in for wiring, hvac, plumbing, to upfit the building so that they can move their equipment in. If they don't own it, and years later they move out, they won't be leaving behind leasehold improvements. The request of the City is to do some selective demolition on other buildings, but not the three pieces being discussed now. The ask is for the City to begin some work on the selective demolition of those middle buildings.

Jessica Bolick Cockerham explained her history with scouting, the museum, downtown art, and an employee downtown for 10+ years at seven different locations. This is what she has always wanted to do. Her plans for this building will benefit the community and the kitchen and other Spencer's development. She helped with a 3-day event in the bottom of the Main Oak Emporium that 55-60 people attended from around the country, staying in local lodging and eating locally. There is a huge need downtown for venue space. She ended up asking Gene about any availability that would allow her to host birthday parties, baby showers, and wedding showers. He mentioned the Spencer's property and she became interested after viewing the location. Her idea then expanded from a party space to a business to business event venue. She does not want to take business away from the country clubs, or the winery.

The area of this building she referred to as The District. A business to business event space will manage events for businesses that need this kind of space for training or special events. These events bring a lot of money into the locations that have event venues. Right now Mount Airy doesn't offer many opportunities for lecture/training space. She does not want to take away from what's already here, they are interested in bringing businesses to town that are going elsewhere. She plans monthly events like job fairs, craft markets, art stalls, Christian festivals, realtor galas, and other events to benefit the community. She is already fielding requests to book the space for a variety of uses. Her plan would allow 200 seats forward facing for lectures, 50 seats forward facing in another smaller area; or 250 seated with a stage and buffet area. This will create a need for catering. She has contacted Debbie's Staffing who can provide as-needed unique staffing needs that Workforce Unlimited does not supply. There are many local companies who are doing their training and special events out of town that they would be able to hold in this facility. She believes her business will complement the other planned uses at the Spencer's location as well as downtown. She advised that she has also spoken with Jessica Roberts who is willing to share her contact information with other area companies that would be interested in this meeting space once these plans are in the works.

An aerial view of the Spencer's area was shown and Gene Rees pointed out the buildings that are being discussed, including those deemed nonessential for development, which he estimated at 60,000-70,000 square feet. These should be taken out to justify the development surrounding those buildings. He pointed out the sections that should be torn down, citing that when it is done it would leave an area for a courtyard. He stated that both the demolition and the putback would be a City expense. Gene noted that the one building on the side of the hotel building blocks off three floors, making one side of the building useless. Gene has discussed with Tammy to have events that we aren't currently getting in Mount Airy. Two things they are asking Mount Airy to consider: to consider hiring a site planner to site plan the Spencer property (excluding the apartments, but including everything south of the apartments) to see how much of those middle buildings need to be demolished. Gene used a diagram to point out which portion of buildings he thought needed to be torn down. This will leave an area for landscaping and parking. The city will have the demolition expense and a put-back expense for parking lot, curb and gutter, and landscaping. This should also leave a grassed area. Gene's building will not have a main access off Willow. His will be off the side. This will help Gene's property, but he states that the City will not get the other building developed without that building being gone. He mentioned that if we do tear it down, he is interested in buying the old dome light fixtures as well as two sinks. Gene suggested that the Board think about this for a couple of weeks and look into hiring a site planner with specific skill for site-planning these kinds of sites. They can help decide what the site needs to look like. It needs to be flexible because there are a lot of unknowns. It will need to have sufficient parking to accommodate the buildings to be developed. Secondly, Gene asked them to consider hiring someone like Heather Fernbach to help make a decision about the ability to tear this building down without compromising tax credit eligibility. He stated that she could probably do the research work inexpensively, possibly around two thousand dollars. She can get an answer for us from the National Park Service regarding things like façade walls, demolition, and what may be required for connectivity to retain tax

credit eligibility. Thirdly, he would like to ask the City to put a committee together to help make decisions on what should go where. He suggested space for start-up businesses, incubator space, or many other options. Gene would like an answer this month. If the Board decides not to move forward, he will finish his building for storage purposes, which is not an appropriate use for the building. He thinks the City has a chance to do something transformative on this property for our town. He noted the buildings that need to come down for the benefit of the whole site, and stated that demolition of buildings is a non-qualifying expense for historic tax credits so developers will not want to pay for anyway. He is familiar with many historic developers and he states that not a single one would consider that site the way it is right now. Gene also asked to purchase a few feet on the north side of his building that goes out into that courtyard area so that his building could have an outside patio.

Mayor Rowe asked what is the relationship between this and the culinary school. Lizzie answered that Jessica would have a contract with the culinary school to be the caterers for her event space. Ideally that would not be the only contract for the culinary school to sustain their operations, but Jessica's operation would be essential to the success of the culinary school. Mayor asked why the culinary school wasn't going into the barrel-roof building. Gene said originally, that was the plan but as they were working with Surry Community College he ran into issues with the State Ethics Commission because he is a trustee at the college. It was only going to be a student kitchen. Then he found out that the City Schools was working with Second Harvest, but he had already leased his space to Jessica. When they ran into issues with the City Schools location, that was when he started considering using the City building for those combined uses. The City's building has better loading access, more expansion room available, and room for some unrelated additional classroom space. Tammy also explained that this was during their feasibility study of bringing the culinary school here. It was during the period when the Barter and hotel were planning to come and this was going to be an opportunity for on-the-job apprenticeship training, but when they backed out, they had to consider if there was enough work for them to do. That's where Jessica's event center came along to be able to provide training.

Gene stated that if the City does their thing, then there will be an event center in his building. He said that the planned events center would be able to seat more people than any other venue in Mount Airy. It would be able to accommodate second and third tier events that Mount Airy can compete for statewide that we currently cannot provide. Jessica stated that this partnership would enable them to offer a higher scale cuisine for these events.

Commissioner Armbrister asked where the staff/students would come from. Tammy explained that the study showed that 8.9% of the workforce in Mount Airy is in food service or hospitality, which is double the national average. The wages they plan to offer is a living wage of around \$10.60 hour, which hopefully will give many the opportunity to no longer live in poverty. The study also showed that we have an average of 85 street-based or homeless people nightly in Mount Airy. This will also be an opportunity for them. Commissioner Armbrister asked how this compared to other culinary schools. Tammy stated that this will be a 12-week culinary program where many culinary schools are a two-year

training program, and they are working also with culinary industry partners for help with this project. Jessica explained that this location would be helpful and walkable to many who are living in homeless or poverty situations. Gene expects it to be a catalyst for the remainder of Spencer's, and it will be more economical than building two kitchens in two separate locations. This will initially be a catering facility, not a restaurant.

Mayor Rowe asked about the bank building, to which Gene replied that it was not big enough for their needs. Gene thinks that when it is all done there should be around 20 million dollars in property value including the condos.

Mayor Rowe asked about the demolitions that were discussed; is the City supposed to pay for that? Gene stated he didn't know who would pay for it, but that is what he thinks it will take to develop the site. His suggestion is to hire a site planner who can help the City make those determinations. Mayor asked if there is time enough to do all of these things given his 2019 timeline. Commissioner Armbrister said he wouldn't want to commit to all that based on one building. It could be a seed, but it would need to be gradual. You might demo one building if it would benefit something beside it, but he wouldn't want to extend beyond that without knowing what else is going in there. Lizzie noted that the Main Street Solutions Fund Grant which renews in July of next year has been changed so that the grant can be used for infrastructure improvements, so long as it is tied to full-time job creation at a rate of \$25,000 per job up to \$200,000, which is 8 full-time jobs, which could be a combination of the culinary school as well as the events center, and any other businesses that may locate in the cube building or the hotel building. She thinks we would be a strong candidate for that money, and there may be other grant money available. Gene estimated if you spent \$1 million to remove those buildings and go back with the needed improvements, that might stimulate the right development for the cube building and the hotel building. He said it is a risk, but he suggested that the City will get a better result for these two buildings and possibly be able to sell the buildings rather than give them away. Those buildings will have value because you will have added municipal parking. He stated that he can't add parking for his building because he doesn't own the property next to it. He can't do what he wants to do in the barrel building without having access to be able to get into the north side of the building and without having parking. Jessica said that the fire marshal says the stairwell will have to come down whether the middle building comes down or not in order for her to have fire exit access for the capacity she needs. She stated that she needs cutouts from the City for a loading zone in the front of her building and the sidewalk also.

Gene stated their purpose tonight was to show the Board what they are looking at a development plan option and a process for getting some development on the Spencer's process. He reiterated the need for a site planner to have something to show others. He stated that he needs to do something with his property this coming year so he needs some reasonable expectation as to what is going to be beside his property. He can't plan to spend money with the site looking like it does now, and the culinary school is not going to want to go in there with it looking like it is now. Mayor suggested that the one of the first steps would be to get estimates on this demolition. Gene stated that Mitch might be able to estimate costs for sufficient parking. He stated that the cube building has great potential

and could end up with up to 10 million dollars in tax value, once someone spends some money on it. Mayor Rowe asked what effect tearing down the building blocking three floors of the hotel would have on the value of that hotel building. Gene stated that that side of the hotel building is useless right now. He stated that the hotel building is too narrow for condominiums, but would be ideal for a hotel facility. He would want to discuss this building with Dana again for a 50-60 room hotel without any incentives but also with no demo costs or convention center costs.

Tammy stated that they are looking at securing funding for a training program. The ARC grant will open up again in January, so they are looking to secure formal agreements in advance before they submit for this grant, so this is a time to explore opportunities and they will need to move quickly. They are supportive of and want to help with the revitalization of the Spencer's property. Jessica reviewed a site plan of her proposed venue. A covered farmer's market was also suggested as a good idea on the property.

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

**OPEN SESSION:**

**On motion by Commissioner Yokeley, seconded by Commissioner Brown and passed unanimously, the board entered back into open session with the following:**

***Airport Authority:***

**Commissioner Brown made a motion to approve the following resolution making appointments to the Airport Authority. This motion received a second from Commissioner Armbrister and was approved unanimously.**

**RESOLUTION NUMBER 2019-035**

**RESOLUTION MAKING AIRPORT AUTHORITY APPOINTMENT**

WHEREAS, North Carolina General Statute 63-56 regarding joint operation of airports states that municipalities may create a board from the inhabitants of such municipalities; and

WHEREAS, G.S. 63-56 states that such board shall consist of members to be appointed by the governing body of each municipality involved, the number to be appointed by each to be provided for by the agreement for the joint venture, and

WHEREAS, the Contract and Agreement for a New Airport Authority dated March 18, 2010 between Surry County and the City of Mount Airy for the joint venture known as the Mount Airy/Surry County Airport Authority provides, in pertinent part, that all members of the Airport Authority "shall be residents of Surry County" without regard to residency within the corporate limits of the City of Mount Airy; and

WHEREAS, G.S. 63-56 states that each member shall serve for such time and upon such terms as may be provided for in the agreement; and



WHEREAS, the terms of Nolan Kirkman and Dr. Thomas R. Jackson expire on December 31, 2018;

NOW, THEREFORE BE IT RESOLVED BY THE CITY OF MOUNT AIRY BOARD OF COMMISSIONERS MEETING IN OPEN SESSION THAT:

- Section 1. Appointments to the Airport Authority by the Mount Airy Board of Commissioners shall be residents of the City of Mount Airy, and shall be an elected official while serving in their capacity as Mayor or Commissioner of the City of Mount Airy.
- Section 2. Mayor David L. Rowe is hereby appointed to the Airport Authority effective January 1, 2019 for a four-year term expiring December 31, 2022.
- Section 3. Commissioner Jon Cawley is hereby appointed to the Airport Authority effective January 1, 2019 for a four-year term expiring December 31, 2022.
- Section 4. This resolution shall become effective upon approval.

Adopted and approved this the 6<sup>th</sup> day of December, 2018.

***Central States Manufacturing:***

**Commissioner Yokeley made a motion to agree to subordinate the City of Mount Airy's lien to Regions Bank to allow for the corporate financing for Central States Manufacturing. A second was made by Commissioner Armbrister, and the motion was approved unanimously.**

**ADJOURNMENT:**

**On motion by Commissioner Brown, seconded by Commissioner Armbrister, and approved unanimously, the meeting was adjourned.**

**Approved and adopted this the 19<sup>th</sup> day of September, 2019.**