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## MINUTES

The Holly Springs Town Council met in regular session on Tuesday, Sept. 1, 2009, in the Council Chambers of Holly Springs Town Hall, 128 S. Main Street. Mayor Dick Sears presided, calling the meeting to order at 7 p.m. A quorum was established as the mayor and four council members were present as the meeting opened.

**Council Members Present:** Councilmen Vinnie DeBenedetto, Parrish Womble, Chet VanFossen and Hank Dickson and Mayor Sears.

**Council Members Absent:** Councilman Tim Sack.

**Staff Members Present:** Carl Dean, town manager; Chuck Simmons, assistant town manager; John Schifano, town attorney; Joni Powell, town clerk (recording the minutes); Linda Harper, deputy town clerk; Drew Holland, finance director; Len Bradley, director of parks and recreation; Jeff Jones, senior planner; Gina Clapp, director of planning and zoning; Scott Brummond, IT technician; Stephanie Sudano, director of engineering; Kendra Parrish, senior engineer, Larry Boykin, assistant finance director; David Mallard of the parks and recreation department; John Herring, chief of police; and Mark Andrews, public information officer.

**2 and 3.** The Pledge of Allegiance was recited, and the meeting opened with an invocation by Rev. Doug Parlin of South Wake Baptist Church.

**4. Agenda Adjustment:** The Sept. 1, 2009 meeting agenda was adopted with changes, if any, as listed below.

**Motion By:** Dickson

**Second By:** DeBenedetto

**Vote:** Unanimous

**Items Added to the Agenda:** None.

**Items Removed from the Agenda:** None.

**Consent Agenda Items Removed for Discussion:** None.

**Other Changes:** None.

**5. Public Comment:** At this time, an opportunity was provided for members of the audience who had registered to speak to address the Council on any variety of topics not listed on the night's agenda. The following input was recorded: None.

**6a. Public Hearing: W.E. Hunt Community Center Installment Financing** – Mr. Holland said in order to borrow funds for the renovation / reconstruction of the W.E. Hunt Center, the Town of Holly Springs must first obtain approval from the Local Government Commission. A step in that application process is to hold a public hearing to receive comments from citizens on the question of whether or not the town should seek installment financing (as opposed to other financing.)

Mr. Holland said following the public hearing, the Council is asked to adopt Resolution 09-29, which states that the Town Council has determined certain findings of fact, including that installment financing is more desirable than other types of financing. The resolution also

authorizes the filing of the LGC application.

Mr. Holland said that the Town intends to finance this project with one borrowing not to exceed \$6,524,000. The Town requested bids from local banks and received quotes for financing terms from three: BB&T, Capital Bank and Four Oaks Bank.

In the bidding process, Mr. Holland explained, staff realized that there was a collateral issue since the Hunt Center serves as collateral on an existing loan.

Mr. Dean explained to the Council that he suggested that the Town use the Bass Lake Park property, which is owned by the Town free and clear, as parity collateral for the financing.

While BB&T offered the most favorable financing terms, BB&T would not agree to use Bass Lake Park as collateral, Mr. Holland said. Capital Bank, which was the second lowest bidding bank, agreed to use Bass Lake Park as parity collateral for the loan.

Mr. Holland and Mr. Dean recommended that the Council consider financing the W.E. Hunt Community Center reconstruction project by borrowing \$6,524,000 from Capital Bank at an annual interest rate of 5.2% over an 18-year term. Mr. Holland explained that the loan amount includes funding to cover the construction contract; furniture, fixtures and equipment; site incidentals; and project contingency, which also would be used to complete the walking trail around Bass Lake at Bass Lake Park.

Mr. Holland explained that if Bass Lake is to be used as collateral for the loan, state law requires that it also be part of the project receiving financing. He noted that this would be accomplished because the Town has a need to complete the trail.

At this time, Mr. Dean recapped the history of the community center project, which began in 2000 when a Campbell Community Survey indicated to the Town Council that residents felt that recreational opportunities in Holly Springs were lacking. In 2004, Mr. Dean said, the Town retained the firm of Heery International to design a new community center for the Town on a downtown location. The price tag for the project was estimated to be more than \$20 million, which would require a bond referendum.

While the Town gathered information for other projects that also could be funded by bonds so that a single large referendum for parks and recreation, utilities and street projects could be held, the national economy began a downward trend that still exists today.

Because some agencies were having difficulties finding investment banks to purchase municipal bonds last fall, the Town Council in November 2008 discussed an alternate plan of renovation of the existing W.E. Hunt Community Center as a project to meet the community's needs using property the Town already owns. Staff estimated renovation costs at \$3.5 million and total replacement cost at \$4.5 million. These early cost estimates, Mr. Dean said, were not based on architectural drawings.

At this meeting, Council directed that staff retain an architectural firm to design a new community center facility on the same site as the existing center, renovating the gymnasium. Direction was that a new programs building be constructed on the property to the rear of the existing building and that the gymnasium be renovated. After the new building is completed, the old center is to be razed to make way for a new parking lot.

The Council reasoned that there would be minimal impact to programs and classes with this plan.

At the Council's 2009 winter retreat in February, the architectural firm of Kling Stubbins provided two designs for Council consideration, together with more precise cost estimates. The architectural firm estimated that a one-story version of the building would cost about \$6.5 million and that a two-story version featuring an elevated one-twelfth-mile walking track would cost \$7.5 million. At the retreat meeting, the consensus of the Council was for management to gather information about financing options and for the Council to discuss the project further on March 19.

At the March meeting, the following minutes were recorded:

*"... Mr. Dean reported that two banks provided him and the finance officer with some ideas of the*

financing costs. As an example, RBC said a loan – based on today's rates – would carry an estimated interest rate of 5% for 20 years and 4.2% for a 15-year loan.

Mr. Dean said that financing a \$4 million renovation project – as was originally projected for the cost to replace the building – would have had no impact on the budget because it would remain the same as previous debt comes off the books and is replaced with the new. But because final design figures are now available and extensive site work is added to the equation, the new debt load of \$7.5 million means the Town would have an additional loan burden of approximately \$209,000 the first year in 2010-11; subsequent years would have no impact to the budget because more existing debt would come off and would be replaced.

"We can cover the debt beginning in Year 2," Mr. Dean explained.

Later this summer, when the Town is set to begin actual financing, the rates may be higher or lower, Mr. Dean pointed out. He also said the Town could look also at a 25-year interest rate as long as there is no pre-payment penalty.

Mr. Holland addressed the Council to further clarify the impact a loan for the project would have on the Town's budget, beginning in Fiscal Year 2010-11 when the first annual payment would come due.

He said the Town would have in Year 1, a debt service payment on a number of loans of about \$601,000; in the same year, the Town will have been relieved of about \$391,000 in debt service, leaving a net result impact to the budget of \$209,000 that would have to be identified. In Year 2, Mr. Holland said, additional debt comes off, and the Town would actually be in the plus column. "So, really there is only one year that we would have to make up that difference," he said, adding that a 25-year loan program would provide even more cash flow.

Councilman Sack asked how doable was identifying an additional \$209,000 in the budget.

Mr. Holland said that the total budget will be about \$21 million, so percentage-wise \$209,000 would not be a huge amount.

Councilman DeBenedetto asked how this project would impact the Town's reserve funds; he said he wanted to wait until the FY 2009-10 budget proposal was completed so that he could see a laundry list of projects and how they would be funded; he asked what the rush was to begin the project and why was staff telling the Council about how much financing would cost.

Mr. Holland addressed Councilman DeBenedetto's questions, explaining that staff was doing as was directed by the Town Council by unanimous vote on Feb. 28 and that was to explore financing options for the project and to report to the Council on March 19. He also noted that the upcoming budget would have no impact from the project because the first debt payment would not be until the FY 2010-11 budget.

Councilman VanFossen explained that now would be the cheaper time to build and save money because of the favorable bidding climate.

Councilman Sack pointed out that the Community Center was discussed at length at the Council's Feb. 28 retreat and that was when the Council considered all projects in the Capital Improvements Plan and prioritized the top five General Fund and Utility Fund projects and instructed staff to come back on March 19 with what the Town can afford. He stressed that the decision to pursue the community center was not rushed.

Councilman Dickson agreed. He said the Council is finally talking financing options only after eight years of discussions and focus groups. He pointed out that he felt the Town was actually late in the process.

Councilman DeBenedetto maintained that he would want to see the project in relationship with the FY 2009-2010 budget and how reserves would be affected.

Mr. Holland repeated that this project would not impact the 2009-2010 budget because the first operating budget that would contain a debt payment for the project would be the one presented in May 2010 for the FY 2010-2011 fiscal year. He also stressed that reserves are not affected by this project.

Mr. Dean summarized for the Council a number of points. He said, firstly, no debt is paid from reserves. Debt is the first obligation included in the budget from general revenues and all other spending is secondary.

He also reported that financial institutions are saying that bids are coming in for projects are at 10- to 15-percent lower than estimates because of the sagging economy. If that is the case, the Town may be able to save between \$750,000 and \$1 million on the project and may not even have to worry about the Year 1 debt payment.

Lastly, Mr. Dean reminded the Council that staff and the Council have spent considerable time

prioritizing capital improvement projects and that direction was given on Feb. 28 to pursue this project as a top priority for citizens.

**Action:** The Council approved a motion to move forward with the community center project and to have the architects and engineers prepare construction documents for formal bidding.

**Motion By:** VanFossen

Councilman Womble asked since the Town was not going to do a bond issue, how would the Town know that citizens want the Town to do this project.

Mr. Dean explained that staff had discussed the possibilities of doing a formal special election, informational meetings and an informal non-binding referendum. If the Council directs to move forward with the project, the Town would need to do whatever it can over the course of the project to make sure people knew about it.

Councilman Sack said he thinks a new community center is a No. 1 priority for the community, based on his contacts with citizens. He said he constantly hears about the condition of the current facility and is questioned when it will be improved. He said he also is concerned about the employees who have to work in what he described as deplorable conditions.

He said everyone would probably prefer to do the larger, grander downtown community center plan with a bond referendum that originally had been proposed in better economic times; however, with the economy as it is, this project at this price would serve the Town with a first-class facility for the time being and for a number of years in the future.

Council asked and Mr. Bradley responded that approximately 10,000 visits a month are recorded at the center, indicating that there is very large percentage of the Town's population who would benefit from the project.

Councilman Womble said he would like the Town to consider setting aside enough money to purchase the adjoining piece of property.

**Second By:** Dickson

Mr. Dean asked if the motion included any stipulations about purchasing additional property. The Council came to a consensus that Mr. Patrick Lee, the town's real estate specialist, could look into the possibilities, but that it would be a separate issue from that of this project.

Councilman DeBenedetto asked for clarification that the motion was simply to direct that documents be prepared for bidding and that costs would be presented later.

Mr. Dean outlined the process for the Council. He said the first step is to bid the project for construction; after bids are received and the Town knows the actual cost, then the Town will approach financial institutions for bids on financing the project. All the financing information will be brought to the Council for public hearing and action.

After that, Mr. Holland, said, the financing and the project will have to be taken to the Local Government Commission for review, adding another 30 to 60 days to the process.

Council members asked how long would it be before bidding is conducted. Mr. Joe Wynn of Kling Stubbins estimated that construction documents and preliminary permitting could be completed by early summer and that bidding could be in by late summer.

Council DeBenedetto asked about the project's going to bond referendum. He said he understood the \$27,000 cost of a special election but he asked if the bond referendum were held in November during the municipal election, would there be no cost.

Ms. J. Powell explained that there would be a slight reduction in the cost down to \$23,000 because the Town pays for the municipal election, too, but is able to share the cost with other municipalities.

Councilman Womble wanted assurance that the Town would pursue purchase of adjoining property he said he had hoped for the past several years that the Town would buy it.

Council members assured him that there was consensus that the Town would explore those possibilities, but that it should be a separate project and not tied to construction of this building.

**Vote:** Unanimous

**Note:** There was a Council consensus to direct Mr. Lee to find out how much it would cost the Town to purchase property adjoining the community center site."

-- end March 19, 2009 minutes

Mr. Dean reported on the March 19 meeting (detailed above) and reminded the Council that it had directed that staff pursue installment financing as it directed that the construction bid

package be put together in time for a summer bid opening for construction and financing bids.

And, Mr. Dean, concluded, at the Council's Aug. 18 meeting, construction bids were presented and had come in lower than estimates, just as predicted. The cost savings to Holly Springs of beginning the project in a favorable bidding climate is nearly \$1 million.

That said, Mr. Dean added that his and staff's objective was to determine ways of cash flowing the debt payment so that it would have a minimal impact on the upcoming budget. He also noted that the Hunt Community Center project, together with completion of the walking trail at Bass Lake Park, were two projects that would benefit a large number of Holly Springs citizens in a tangible way.

Mr. Bradley addressed the Council to explain how user fees would be increased slightly with the new facilities. Increasing certain user fees, which are very low, would be coupled by the fact that the new facility will attract new users and increased participation. He estimates conservatively that Hunt Center revenues could be increased by \$200,000.

Councilman Womble asked if a traffic flow problem would be created with the new facility.

Mr. Bradley said he felt like the additional parking would be adequate.

Mr. Womble said he was referring to street traffic flow, not parking on site.

Mr. Dean said the additional property adjacent to the site may or may not be used to relieve traffic congestion, but he suggested that – as a separate project from the Hunt Center construction – that the Womble Park Master Plan be brought back to the Council and investigated for how the adjacent property could best be used.

Mr. Holland explained, in summary, that the public hearing was being held to receive public input about the Town's using installment financing to borrow \$6,524,000 for reconstruction of the W.E. Hunt Community Center and completion of the Bass Lake Park walking trails. He said that, with Local Government Commission approval, the Town intends to borrow the money from Capital Bank at an interest rate of 5.2% for a period of 18 years.

Following the public hearing, the Council will be asked to adopt Resolution 09-29, making necessary findings of fact and authorizing an application to the LGC; Resolution 09-30 agreeing to bank financing terms; and Resolution 09-31, a reimbursement resolution that will allow the Town to reimburse itself from installment financing proceeds for any expenditures on the projects prior to the loan's closing.

With that explanation completed, Mayor Sears opened the public hearing to accept public input. The following comments were recorded:

Ken Clark, 4929 Sun Lake Court -- Mr. Clark addressed the Council in terms of need versus want. He said he knew the Council has worked several years on the community center project, and he asked the Council if the community needs this project now or does the Council just want to build it.

He said he knew there were those in the community who could not wait for the new center to be built. But he asked the Council to consider another viewpoint. He said in his job as a recruiter, he knows many Holly Springs residents who are out of work and who need financial relief, but not a community center.

He asked if the Council would consider taking this project to a bond referendum.

He said he felt like the time and expense involved in holding a bond referendum would be worth it in order to get a mandate from the public on whether to do the project or not.

He said he felt like a referendum might even provide affirmation of what some members of the Council have said they already know to be a priority community concern.

Mr. Clark said he believed that the Town would not lose the favorable construction bids it has received for the project because he feels the current bidding climate will continue for the next few months. In closing, he said a referendum would confirm that what the Council wants is the same as what the taxpayers think they need. He said the loan would be too much burden on taxpayers.

Councilman VanFossen asked the Town Manager for clarification. He asked if the tax rate would be increased in light of this potential loan.

Mr. Dean said no tax increase was being proposed.

Van Crandall, 4813 Salem Ridge Road – Mr. Crandall said he supported new facilities as long as the Town can afford them and without incurring unreasonable additional debt.

He noted State guidelines for municipal debt, describing a “heavy debt burden” evidenced as a ratio of General Fund debt service to General Fund expenditures exceeding 15%. He claimed that the Town of Holly Springs has exceeded that ratio in recent years.

He said he was opposed to additional debt and said he feels the Town’s debt already is too high.

There being no further comments, the public hearing was closed.

Councilman DeBenedetto said he agreed with the two speakers and he sees no reason why the Town doesn’t hold a referendum and let citizens decide whether or not the Town should spend this money. He noted that neighboring towns recently have held bond referendums for street projects and have earned very favorable rates.

He asked that the Council table action and schedule a bond referendum for November.

Councilman Womble said he had mixed emotions. He said he has heard from citizens that the Town needs the community center, but he has reservations about tearing down the existing building due to its historical significance in the Town. He asked what effect tabling the project for two months would have.

Mr. Dean said the Council would have to reject all the construction and bank bids received and schedule a referendum and then bid again afterward and after bonds are sold.

Mr. Dean pointed out that it was unfair to compare Holly Springs to towns of the same size because Holly Springs facilities are all new and is being paid for in comparison to other towns that developed more slowly over time and paid for their improvements over time.

Practically all public facilities in Holly Springs have been built since 1990 when other towns have developed over a period of decades.

He added that staff has been following directions of the Council-as-a-whole over the last several years on this project. He said, likewise, that if it is the Council’s direction to conduct a bond referendum, then staff would do so.

Councilman Dickson addressed one speaker’s comments regarding those who are out of work in Holly Springs. He said those people may have taken annual vacations to places like Disneyworld, but have a local facility would provide them with a place for family recreation that was close to home and of value to them.

Councilman VanFossen said he felt the project would be a boost to the quality of life and economic development standpoints of the Town. He said, “I’ve read the survey; I’ve talked to people, and all of these things are leading me to do this.”

Councilman VanFossen added that he does not believe the Town has excessive debt. He said he feels if the tax rate is not affected, and positive cash flow can be injected into the project, then the debt is reasonable.

In closing, Councilman VanFossen said the tendency to compare Holly Springs to other communities is not really valid. He said, “We have more going for us than other communities.”

Councilman Womble said he supports the project.

**Motion:** Councilman DeBenedetto made a motion that the issue be tabled until the town manager returns to the Council with a timetable and strategy for taking the issue to a bond referendum.

**Second:** None. The motion failed.

**Action:** The Council approved a motion to adopt Resolution 09-29 making findings of fact that installment financing is the most prudent method of financing projects to reconstruct the

W.E. Hunt Community Center and complete installation of the trail at Bass Lake Park and authorizing the filing of an application to the Local Government Commission.

**Motion By:** VanFossen

**Second By:** Dickson

Councilman DeBenedetto asked if minutes of the public hearing could be included in the loan application packet delivered to the LGC. Ms. J. Powell explained that including a certified copy of the minutes was an LGC requirement.

**Vote:** The motion carried following a 3-1-1 vote. Councilman Womble, VanFossen and Dickson voted for the motion. Councilman DeBenedetto voted against. Councilman Sack was absent.

*A copy of Resolution 09-29 is incorporated into these minutes as addendum pages.*

**Action #2:** The Council approved a motion to adopt Resolution 09-30, approving financing terms and authorizing Town to enter into a loan agreement with Capital Bank for \$6,524,000 for a period of 18 years at an annual interest rate of 5.2% for reconstruction of the W. E. Hunt Community Center and completion of the walking trail at Bass Lake Park, subject to Local Government Commission approval.

**Motion By:** Dickson

**Second By:** VanFossen

Councilman Womble asked if all the bidders were contacted.

Mr. Holland said all banks were notified, but the low bidder had an issue with collateral.

**Vote:** The motion carried following a 3-1-1 vote. Councilman Womble, VanFossen and Dickson voted for the motion. Councilman DeBenedetto voted against. Councilman Sack was absent.

*A copy of Resolution 09-30 is incorporated into these minutes as addendum pages.*

**Action #3:** The Council approved a motion to adopt Resolution 09-31, a reimbursement resolution authorizing the Town to reimburse itself for expenditures in the W.E. Hunt Community Center reconstruction and Bass Lake Park trail completion projects prior to the loan's closing.

**Motion By:** Dickson

**Second By:** VanFossen

**Vote:** The motion carried following a 3-1-1 vote. Councilman Womble, VanFossen and Dickson voted for the motion. Councilman DeBenedetto voted against. Councilman Sack was absent.

*A copy of Resolution 09-31 is incorporated into these minutes as addendum pages.*

**7. Consent Agenda:** The Council approved a motion to approve all items on the Consent Agenda. The motion carried following a motion by Councilman Dickson, a second by Councilman VanFossen and a unanimous vote. The following actions were affected:

9a. Minutes – The Council approved minutes of the Council's special meeting held March 19, 2009.

9b Resolution 09-32 – The Council adopted Resolution 09-32 setting a public hearing on the question of closing a portion of Quantum Drive right of way. *A copy of Resolution 09-32 is incorporated into these minutes as addendum pages.*

9c. Main Street Enhancement Project – The Council entered a contract with Kleinfelder in the amount of \$4,000 (including contingency) for construction materials testing for the Main Street Enhancement project. *A copy of the contract is incorporated into these minutes as addendum pages.*

9d. Methodist Church Downtown Parking Lot Project – The Council approved a contract with the Bartlett Tree Experts company in the amount of \$1,635 for tree preservation work in the Methodist Church downtown parking lot project. *A copy of the Bartlett Tree Experts contract is*

**Town Council Meeting  
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*incorporated into these minutes as addendum pages.*

9e. Budget Amendment, \$6,885 – The Council adopted an amendment to the FY 2009-10 budget in the amount of \$6,885 to accept insurance proceeds for lightning damage to a booster pump for the irrigation system at Holly Springs High School. *A copy of the budget amendment is incorporated into these minutes as an addendum page.*

9f. Budget Amendment, \$240 – The Council adopted amendments to the FY 2008-09 budget in the amount of \$240 to close out a community development project fund and to apply the money to the current year's budget. *A copy of the budget amendments are incorporated into these minutes as addendum pages.*

9g. Budget Amendment, \$86,415 – The Council adopted an amendment to the FY 2008-09 budget in the amount of \$86,415 to close out a water and sewer project fund. *A copy of the budget amendment is incorporated into these minutes as addendum pages.*

**8a. Vision Holly Springs Comprehensive Plan Update** – Mr. Jones explained that *Vision Holly Springs, the Town of Holly Springs Comprehensive Plan*, was adopted by Town Council on Nov. 6, 2007. Within each section of the comprehensive plan is an implementation chart that gives direction to the Town on short-term (0-2 years), mid-term (3-5 years), and long-term (5+ years) projects from the plan's adoption date. The Comprehensive Plan under the implementation guidelines is to be evaluated every two years. With the 2-year anniversary date approaching in November, Town Staff will begin a review of all sections of *Vision Holly Springs* to determine where updates are appropriate.

He noted that the short-term implementation projects listed in the Comprehensive Plan had been provided for the Council's review and discussion and that these will be the items that will be addressed with the review of the Comprehensive Plan.

**Action:** None. For the Council's information.

**8b. Phase Three Sidewalk Improvements** – Ms. Parrish explained that the Parks and Recreation Department has secured a grant from the Rex Foundation. The grant included improvements for Jones Park, Veterans Park and sidewalk improvements on Holly Springs Road from Johnson Street to existing sidewalk near Main Street; sidewalk along Johnson Street; and sidewalk along Earp Street.

She said the Jones Park and Veterans Park improvements have been completed, and the project budget before Council is for the Phase 3 sidewalk improvements.

**Action:** The Council approved a motion to approve the project budget and to adopt a budget amendment in the amount of \$20,000.

**Motion By:** Womble

**Second By:** Dickson

**Vote:** Unanimous

*A copy of the budget amendment is incorporated into these minutes as an addendum page.*

**9. Other Business:** Councilman Womble complimented staff for implementation of HSTV-11.

**10. Manager's Report:** None.

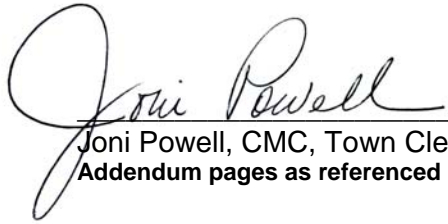
**11. Closed Session:** None.

**12. Adjournment:** There being no further business for the evening, the Sept. 1, 2009 meeting of the Holly Springs Town Council was adjourned following a motion by Councilman VanFossen, a second by Councilman Dickson and a unanimous vote.

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September 1, 2009**



Respectfully Submitted on Tuesday, Sept. 15, 2009.

  
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Joni Powell, CMC, Town Clerk

Addendum pages as referenced in these minutes follow and are a part of the official record.

