

The City Council of the City of Elizabeth City held its first meeting of the month on the above date and time in the City Council Chambers of the Municipal Administration Building with Mayor J. W. Peel presiding and Council Members: J. M. Baker, M. E. Brooks, R. T. Donnelly, L. M. Hill-Lawrence, L. A. Hummer, K. K. Spence, J. A. Stimatz and J. B. Walton in attendance. City Staff members attending were: City Manager R. C. Olson, City Clerk D. S. Pierce-Tamplen, Parks and Recreation Director B. V. White, Planning Director J. C. Brooks, Human Resource Director K. W. Felton, Electric Director K. F. Clow, Fire Chief L. M. Mackey, ECDI Director R. Cross, Public Utilities Director P. A. Fredette, Finance Director S. E. Blanchard and Deputy City Clerk V. D. White.

Mayor Peel established a quorum was present and called the meeting to order at 7:00 p.m. He called for a Moment of Silent Reflection after which he led the Pledge of Allegiance to the Flag of the United States of America.

**1} AGENDA ADJUSTMENTS AND APPROVAL:**

Mayor Peel called for adjustments and approval of the prepared agenda.

Mayor Pro Tem J. B. Walton asked to ***remove Item #8d to the Regular Agenda and he would like to put that behind #10c.***

***A motion was made by Councilwoman J. M. Baker, seconded by Councilman J. A. Stimatz to approve the agenda as adjusted. Those voting in favor of the motion were: Baker, Stimatz, Brooks, Donnelly, Hill-Lawrence, Hummer, Spence and Walton. Against: None. Motion carried.***

**2} PROCLAMATIONS/PRESENTATIONS:**

a} Fair Housing Month – April 2012:

Mayor Peel presented to Mr. George Bright a proclamation proclaiming April 2012 as Fair Housing Month.

Mr. Bright made brief remarks.

b} Port Discover Earth Day Festival – April 21, 2012

Mayor Peel read and presented to Ms. Luann Pendergraft a proclamation proclaiming April 21<sup>st</sup> as "Port Discover Earth Day Festival".

Ms. Pendergraft made brief remarks.

c} The Honorable Annie W. Mobley:

Representative Annie Mobley, serving House District 5, introduced herself and gave a brief synopsis of her accomplishments over the years while serving in the House of Representatives for the last five years.

### **3} COMMENTS FROM THE PUBLIC:**

Ms. Debbie Regel, 122 Ranch Drive, Elizabeth City expressed her concerns over the proposed 5% increase in the electric rates. She asked Council to reduce that rate in order to help the citizens in these economical times.

### **4} APPROVAL OF THE MINUTES:**

Mayor Peel called for approval of the City Council minutes of the March 26, 2012 Council meeting.

***A motion was made by Councilwoman L. A. Hummer, seconded Councilwoman J. M. Baker to approve the March 26, 2012 City Council Meeting minutes as presented. Those voting in favor of the motion were: Hummer, Baker, Brooks, Donnelly, Hill-Lawrence, Spence, Stimatz and Walton. Against: None. Motion carried.***

### **5} CONSENT AGENDA:**

Mayor Peel called upon City Manager R. C. Olson to read the Consent Agenda.

***A motion was made by Councilwoman J. M. Baker, seconded by Councilwoman L. A. Hummer to approve the following Consent Agenda. Those voting in favor of the motion were: Baker, Hummer, Brooks, Donnelly, Hill-Lawrence, Spence, Stimatz and Walton. Against: None. Motion carried.***

### **CONSENT AGENDA:**

a} Adopted the following Resolution authorizing financing for property acquisition in the amount of \$250,000 for the Davenport Trust (COA) property.

**RESOLUTION # 2012-04**  
**FINANCING TERMS**  
**PURCHASE OF COA TRUST PROPERTY**  
**\$250,000**

**WHEREAS**, The City of Elizabeth City, North Carolina (the "City") has previously determined to undertake a project for the purchase of land (Davenport Trust to the City), and the Finance Officer has now presented a proposal for the financing of such Project.

**BE IT THEREFORE RESOLVED** as follows:

1} The City hereby determines to finance the Project through Branch Banking and Trust Company ("BB&T"), in accordance with the proposal dated March 29, 2012. The amount financed shall not exceed \$250,000.00, the annual interest rate (in the absence of default or change in tax status) shall not exceed 1.63%, and the financing term shall not exceed fifty-nine months from closing.

2} All financing contracts and all related documents for the closing of the financing (the "Financing Documents") shall be consistent with the foregoing terms. All officers and employees of the City are hereby authorized and directed to execute and deliver any Financing Documents, and to take all such further actions as they may consider necessary or desirable, to carry out the financing of the Project as contemplated by the proposal and this resolution. The Financing Documents shall include a Financing Agreement and Deed of Trust and a Project Fund Agreement as BB&T may request.

3} The Finance Officer is hereby authorized and directed to hold executed copies of the Financing Documents until the conditions for the delivery of the Financing Documents have been completed to such officer's satisfaction. The Finance Officer is authorized to approve changes to any Financing Documents previously signed by City officers or employees, provided that such changes shall not substantially alter the intent of such documents or certificates from the intent expressed in the forms executed by such officers. The Financing Documents shall be in such final forms as the Finance Officer shall approve, with the Finance Officer's release of any Financing Document for delivery constituting conclusive evidence of such officer's final approval of the Document's final form.

4} The City shall not take or omit to take any action the taking or omission of which shall cause its interest payments on this financing to be includable in the gross income for federal income tax purposes of the registered owners of the interest payment obligations. The City hereby designates its obligations to make principal and interest payments under the Financing Documents as "qualified tax-

exempt obligations" for the purpose of Internal Revenue Code Section 265(b) (3).

5} The City intends that the adoption of this resolution will be a declaration of the City's official intent to reimburse expenditures for the project that is to be financed from the proceeds of the BB&T financing described above. The City intends that funds that have been advanced, or that may be advanced, from the City's general fund or any other City fund related to the Project, for project costs may be reimbursed from the financing proceeds.

6} All prior actions of the City officers in furtherance of the purposes of this resolution are hereby ratified, approved and confirmed. All other resolutions (or parts thereof) in conflict with this resolution are hereby repealed, to the extent of the conflict. This resolution shall take effect immediately.

**APPROVED**, this 9<sup>th</sup> day of April 2012.

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Joseph W. Peel  
Mayor

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Dianne S. Pierce-Tamplen  
City Clerk

2} Approved Live Burn Fire Training at 106 Beechwood Avenue.

3} Approved modification of South Park Sports Complex Fee Schedule.

**END OF CONSENT AGENDA**

**6} PUBLIC HEARING:**

Mayor Peel declared the meeting into Public Hearing for consideration of adoption and/or revision to the Bilateral Metering for Renewable Energy Rider RE1. He called upon City Manager Olson for comments.

Mr. Olson stated the City adopted the existing RE1 rate on January 28, 2010 to become effective with the February 2010 billing. The RE1 rate reflects the avoided cost in January of 2010. To understand how we got to our avoided

costs you need some basic knowledge of our wholesale costs and how we purchase our power. There are three basic elements to our electric costs. One is the actual cost of the electricity, one is the demand charge which is incorporated into the bill and the third charge is the administration and overhead costs. To estimate the avoided costs you look at the actual cost of the electricity plus a percentage of the demand costs plus a percentage of the administrative/overhead costs. That is how you determine what the avoided costs are. To determine what the demand charge is a little bit more complicated. In the fall, winter and spring there is little or no power generated in high demand periods which affects our peak usage we have under our contract with the Eastern Agency. That is because our peak is in the morning and there is not enough sunlight to help defer the peak. In the summertime, the City's peak is from 7 a.m. -6 p.m. and the solar system would help defer the peak. Staff took 60% for four months, 20% for twelve months and that is how we got a percentage. The avoided cost will change slightly every year depending on the City's load profile and should be looked at during the budget process. What staff is recommending is for Council to adopt a new rate schedule for the RE1 rate and make it retroactive to January 1<sup>st</sup>, 2012. Establish that avoided cost rate at .0606 KWH. We would annually review this charge in our budget process and make the appropriate changes. We would relook at this whenever we have an increase in our wholesale costs.

Mayor Peel asked the City Clerk if we had anyone to speak.

Ms. Pierce-Tamplen responded that we had one speaker who had six minutes. She called Mr. Tom Jenkins, 2602 Willis Drive, Elizabeth City to the podium.

Mr. Jenkins spoke regarding the proposed revision to the existing policy on Renewable Energy. From what he has learned the proposal is an improvement but it still doesn't go far enough in his opinion. Everything is either right or wrong. The .0606 KWH does not reflect the avoided costs by Electricities. He has not been compensated for his use of renewable energy. He is asking that City Council consider adopting a policy similar to that of Dominion Power.

Since no one else wished to speak for or against the revised REI Rate Schedule, Mayor Peel declared the public closed.

***A motion was made by Councilman J. A. Stimatz, seconded by Councilman R. T. Donnelly to adopt the revised RE1 Rate Schedule as presented.***

Mayor Pro Tem J. B. Walton stated he had requested more information. The City Manager gave him some information but that is not the information that he

wanted. He never gave him the amount that was paid to Mr. Jenkins. That was the information he wanted.

Mr. Olson responded that he thought that was the information that he provided Council at the last meeting. He will be happy to provide that information to you.

Councilman Spence said if there is an issue of the way he is calculating and the way the City is calculating maybe we can set up a meeting with him so we can be on one accord and come to a solution on this issue.

Mayor Peel called for a vote on the motion.

***Those voting in favor of the motion were: Stimatz, Donnelly, Baker, Brooks, Hill-Lawrence, Hummer, Spence and Walton.  
Against: None. Motion carried.***

**7} REGULAR AGENDA:**

a} Call for public hearing regarding proposed Electric Rate increase:

Mayor Peel called upon City Manager Olson for comments.

Mr. Olson said we have been telling you for a number of months that we need to adopt an electric rate increase because our decreasing amount of our fund balance or cash balance in the Electric Fund. In 2005 we ended the year with a cash balance of \$10,656,000. That number has been decreasing as to the end of June 30<sup>th</sup>, 2011 to \$4,621,000. We basically have a net lost in the Electric Fund of \$851,619 last year. That is the sixth year in a row that we have experienced a net loss in the Electric Fund. The reason for that is we decided to absorb the rate increases and were not passed along to the customers. Since 2001 the City has received 42.7% increase in our wholesale rate but we have only passed along 35% of those increases. That means we have been absorbing 7.7%. Every percent is equal to \$350,000 in the Electric Utilities. The Electric Fund Balance as of February 29<sup>th</sup> was \$3.6 million and is the lowest it has been in well over a decade. He would like to remind the City Council that the purchase price for the property for the second delivery point is \$450,000. By the end of April we will have about \$3.1 million remaining in the Electric Fund. That is less than 30-days operating costs. In certain months our electrical bill may be \$3.5 or \$3.6 million. The 5% rate increase will generate \$1,750,000 per year. In addition, staff is requesting that the meter fee be increased from \$9.18 per month to \$10.00 per month. That would add \$118,080 per year to the Electric Fund. The total proposed increase would be \$1,868,080. What the Council needs to realize is it is easy to spend down that fund balance but hard to build it back up. A lot of it depends on the weather and other types of outside

influences in doing that. Out of that 5% rate increase 2.43% is just to handle the existing debt that we have. That is what we are losing each year. Also, 1.11% is the debt on the second delivery point and the 1.46% is to add to the Fund Balance. That is how we came up with the 5% rate increase. What we are asking from the Council at this time is to call for a public hearing which will be held at the next City Council meeting.

Councilwoman Hummer asked the items that you have up there in this proposed 5% rate increase that is a lot with even a 5% rate increase. That is going to cover a lot according to what you are saying there. Once again, we are being asked to project revenue based on a possible good economy with a healthy number of electric customers. There is one thing that we haven't talked about that has brought our electric fund down. If you read the Daily Advance you will see an alarming number of foreclosures listed almost on a daily basis. Then there is the number of people moving away from Elizabeth City into the surrounding counties as well as out of state. Each move that does not result in the sell of a house leaves a vacant house. A vacant house results in the lost of an electric customer. We haven't talked about that yet. At 10:45 this morning there were three moving vans on Church Street with people moving out of their homes and leaving for sale signs in the yard. A couple of weeks ago a nice brick home on Church Street was vacated and that house had been on the market for some time. There again lost of electric revenue. There is a brand new duplex on Church Street which has been sitting there for over a year. This one was anticipated electric revenue which didn't materialize. That is just Church Street. The Second Ward probably has the most vacant homes in the City. Many of them are for rent or sell, boarded up, no one living there—lost electric revenue. A two block area on Cedar Street contains 6 vacant houses and a duplex which just rented but was vacant for several years—lost electric revenue. In one meeting we talk about giving free electricity and water to attract tourism and the next meeting we make plans to hike the rates on an already burden community not to mention the foreclosures and bankruptcies and gauging at the gas pumps and the groceries stores and how hard it is for people. This is what falls back on Council and how we have to make our decisions. There is no doubt that we need a rate increase but that is a pretty steep one. She just wanted to point out there are other reasons besides Council not having been willing to increase the rates over the years. We have a lot of vacant houses and people leaving this area and it does affect the revenue that comes into the City. We have been reluctant to talk about that.

Councilman Stimatz said the last time we passed on a rate increase was in 2009. If the rate has been stable for two years and our energy sales have gone up then that would indicate that our kilowatts usage went up and didn't go down. The issue of people moving out and not buying electricity is really not true. We have actually sold more electricity. In 2006 we got a 10% increase and Council

chose to only pass along 4.5% of that 10%. We have never gotten that 5.5% back. All things being equal we should have raised rates 5.5% six years ago. When you look at running a business we have been giving away 5.5% on an average of \$30 million for roughly six years. That is close to \$9 million and we haven't raised our operating costs to run the system regardless to the cost of the electricity. We have given pay raises and put extra stuff out there and we have people running and we haven't even covered inflation for our own operating costs. The 5% is covering a lot. He knows it isn't easy to swallow. The last time the City was imbalanced the Council passed a resolution that we were at the minimum limit at \$5 million. We have been below that minimum for three years. We took no action but we have to pass on something at this time. It is not something that he will like to be doing but he doesn't see any way out of it. It probably ought to be more but he can live with 5%. We have put this decision off for six years and now the bills are coming due.

Councilman Donnelly said the raises in 08-09 came up to 18%. Did that come to the City? Five percent strikes him as a lot but we need to cover our operating costs.

Mr. Olson stated we have not taken an increase in operating costs in over the last 16-17 years. So, all those increases that you see are directly related to increases in our purchase price of electricity which is 84% of the budget for that utility.

Councilman Brooks stated that ElectriCities said that they were not going to pass along any increases in five years.

Mr. Olson stated there should be no increase in wholesale until 2015.

Mr. Brooks said during the time frame that we were raising the rates we were doing that based on ElectriCities raising the rates on what we were paying for wholesale. He understands the delivery point and he understands the deficient we are in and he will say those that think it is too much or not enough don't sit here and let us as a council determine your fate. Come up to this podium and voice your concerns. If not, we will have to do what we have to in order to run the City.

Councilwoman Hill-Lawrence asked on an average how much an individual will expect to pay with the 5% increase.

Mr. Olson replied it would mean an increase of approximately \$7.00 more a month.

Mayor Pro Tem Walton said there are a lot of foreclosures in the Fourth Ward also. As a matter he had to foreclose on a piece of his own property. Even a Council person in the real estate business almost went into foreclosure. It is affecting a lot of people. It is not that you don't want a fund balance or a rainy day fund, but can we afford it at this time. Mr. Olson brought this information about the 5% sometime in March. The budget sessions are just starting to begin sometime this month. If we pass all these increases before the budget sessions then we don't need to have any sessions because we are not going to have any money to even talk about them. We are rushing things and he hates to see things keep getting rushed or bombarded through. Then we think about it later and it is too late. It is like things that happened 50 years ago could happen again because we don't take our times and think things through and make sound decisions. We need to stop doing that.

Mr. Olson said if you don't raise the rates then come July we will not be able to pay our bills. You have to remember that our bill comes on the 10<sup>th</sup> of the month. We have to pay it by the 15<sup>th</sup>. But, we don't collect that money for 30-45 days out. We have already emptied out the account. We are paying the float because we have not received the cash in for that amount. The LGC will require a rate increase before they will approve the issuance of \$3.5 million in debt like they did for the \$2 million for the Wellfield and Water and Sewer funds four years ago.

Mr, Brooks said this is not feasible but he wants to tell the people that he only has one vote. We are in a poverty stricken area. The pain of this whole thing hits in him deeply.

Mr. Walton said that he tries to shoot for logic. He remembers the last meeting when Mr. Donnelly asked if we could postpone this second delivery site. Mr. Olson is now telling us that we can almost predict when that peak performance is needed. We ought to be able to not do the second delivery at this time. He is always saying get the land but the \$3.5 million we just don't have to do that right now because we need it right now. He heard that we needed it in 2005 but nothing has happened so we keep putting that fear factor out there but it never happens. He remembers in 2008 when you passed the budget he felt like you were really overdoing it. We took \$200,000 and put into a building fund and pretty much all that money is still there. We just don't need to be taking money and putting it all over the place and never using it but yet some are saying we are broke.

Councilwoman Hummer said she wanted to get back to her point. We need to be careful on the projections. You are saying this will help increase the cash balance in the Electric Fund over \$5 million over a four year period. She is assuming that you are basing this on your current electric customers. You have

to be careful as the growth may not come. People are leaving our City because they can't afford to live in their homes. They don't have jobs and you can't tell her that it doesn't affect us in all our revenues. She projects that you will be back here next year saying 5% was not enough.

Mr. Stimatz said we didn't just get here. We have been debating this second delivery point for three years. We have put this decision off for three years already. We are at the point that we need to put the money out to do what we said needed to be done three years ago. The numbers are not getting any better. We don't have enough room in our substation to take in 1.5% increase. We are maxed out right now. That means no new businesses, no new startups, and no nothing. If the world changes and the economy starts to come back and people want to invest down here we are going to have to say we are sorry but we can't sell you electricity because we don't have it.

***A motion was made by Councilman J. A. Stimatz, seconded by Councilman R. T. Donnelly to call for a public hearing to received public comments on a proposed electric rate increase of 5% to be held in the City Council Chambers of the Municipal Administration Building at 7:30 p.m. on Monday, April 23<sup>rd</sup>, 2012.***

Councilwoman Baker stated she would like to defend her profession a little bit. The sky is not falling as far as real estate sales and people moving in and out of this City. She just read a report on how many foreclosures listed in Elizabeth City and Pasquotank County. There are 27 bank-owned or foreclosed properties or government owned Fannie Mae, Freddy Mac. There are 27 in the city limits and 5 outside the limits. This is not counting short sales which of course have not been foreclosed on yet. The market is getting better and she can personally say so. People are coming, Coast Guard personnel are coming and people are excited by Elizabeth City. She had four calls just this past Saturday. People are calling and coming to Elizabeth City. They are looking in this area and they are excited about what is going on in Elizabeth City. They are excited about the potential of jobs, tourism and things are good if you look at that side of the clock. If you are looking at a glass half empty they are not so good but she is looking at the glass three quarters full. She has been in the profession for seven years now. We have 27 agents in her office and they are busy. You have got to think of it that way or you will drown in your sorrows. There are still some bargains out there. The banks could be holding some that are not on the market yet but the numbers are dwindling. People are starting to look at higher price houses now and they are starting to be excited about getting more for their houses. People are not looking at houses for \$100,000. People are looking at houses near the \$300,000 price range. Things are not all gloomy in the real estate market or in the financial market.

Mr. Walton said people are calling in from New Jersey, Maryland and they are probably retired people that have a retirement income that probably doubles or triples the people that have been living here all their lives. These people that are moving out are people that have lived in this area, not migrants that come here from other places that have also made a good income and have a good retirement income. The people that have made this area survive all these years now they have got to move to Hertford to become reasonable in their lifestyle because they can't do it here. We are over pricing everything to make it comfortable for people that are moving in from out of state. That is not right. We need to wait until the budget process comes around and then work out the details. You need to think about the people living here.

Mr. Donnelly said he doesn't believe that he said we should postpone the second delivery point. He believes he said something along the lines that we should look at it. His personal feeling is we do need it based on growth in this community. Secondly if this Council at one time agreed to keep the Electric Fund Balance at \$5 million and we are down to \$3 million, he doesn't know what you have been doing for the past few years.

Councilman Brooks said it didn't happen over night. We didn't lose \$2 million over night so don't come up with the last couple of years. It is great to hear that the economy is getting better. He has gone to the Employment office and talked with some of those looking for a job and from their point of view the economy is not improving that much.

Mayor Peel called for a vote on the motion.

***Those voting in favor of the motion were: Stimatz, Donnelly, Baker, Brooks, Hill-Lawrence, Hummer, Spence, and Walton. Against: None. Motion carried.***

b} Update on the NC Catalyst Grant:

Mayor Peel called upon City Manager Olson for comments.

Mr. Olson stated this particular item was on your last city council meeting's agenda. There were some concerns raised at that time and staff was directed to bring this item back to you. We still don't have all the answers that we need to address as well as some of the outstanding questions that some members of Council have. It is our understanding that Pasquotank County will be having a public hearing and taking some sort of official action on this item on April 16<sup>th</sup>. He and Mayor Peel have been asked to attend that meeting. We will put this item on the next Council agenda.

***A motion was made by Councilman J. A. Stimatz, seconded by Councilwoman L. A. Hummer to refer this item to the Finance Committee. Those voting in favor of the motion were: Stimatz, Hummer, Baker, Brooks, Donnelly, Hill-Lawrence, Spence and Walton. Against: None. Motion carried.***

c} Update on the Aviation Park:

Mayor Peel called upon Councilwoman Hummer for comments.

Ms. Hummer said that Mr. Olson stated that there were a number of errors in a recent email that she sent out. She based the information in her email on statements which you obviously gave to the Virginia Pilot. You told the reporter of several instances where the City may have to pay back money on these grants. That was very alarming to the public and she started getting phone calls and that is why she started sending emails. First of all she never said that DRS got a Bridge Loan that was the Airport Authority. When we entered into that Bridge Loan you assured her as well as Council that the lease payments on all the DRS hangers would take care of the monthly interest on that loan. She doesn't believe she has ever seen a breakdown of those monthly lease payments coming in verses the monthly interest being paid out. She hasn't seen a spread sheet on that. Of course it is true that DRS has made their monthly lease payments, but they did not build all their anticipated hangers therefore, the City had a lost of anticipated projected revenue from lease payments and that is what she was trying to point out. Expected revenue in the General Fund in that area did not materialize. The General Fund did not grow in that area. Also, another statement in that newspaper article that she got questions on was you said that the City hoped to get an extension on the 100 jobs requirements which would prevent us from having to pay monies back. Then when we get our agenda packets you say we have already gotten that extension, so did you get it the next day. You refer to a lot of misunderstandings in that article that you were quoted on and that is why she asked that this item be put on the agenda. She has one other question. The special revenue fund and you say that we have \$1.4 million as a cushion to protect the City if the required jobs aren't filled by DRS. How can you refer to those funds as revenue for the City when they are grant funds which were awarded for the development and expansion of the airpark, not really revenue for the City other than the lease payments which you say was put in that fund also? That really isn't our money to spend as we wish. It was allocated for the expansion of the airpark. These are the concerns that were brought to her.

Mr. Olson said let him address some of those issues. This whole item came up based on an April 2<sup>nd</sup> article that appeared in the Virginia Pilot. He was quoted and Wayne Harris was also quoted. The City did receive a number of grants

associated with the development of the Aviation Park. The City Council did adopt an aviation commerce park capital project ordinance for this particular budget for this particular project. We have provided you a detailed cost sheet on how all that money was spent. The City did receive \$1.5 million from the Department of Aviation which came via the Airport Authority then came to us. We did make a Bridge Loan for that. The State of North Carolina has provided the full \$1.5 million and we did have to pay \$150,000 of match money which also came out of the special revenue fund. We were supposed to create 500 jobs and the value of each one of those jobs is \$4,000. CDBG we got a million dollars for 100 jobs and that is \$10,000 per job. From IDF we received \$500,000 and there is no commitment to create the 100 jobs called for there. From the Rural Center we received \$1 million and the value of each one of those jobs is \$10,000. By DRS creating 100 new jobs we fulfilled the requirements under CDBG, IDF and Rural Center grants. DRS is very close to creating the 100 jobs. Unfortunately, about 18 months ago they lost a contract and 70 of those jobs stayed in the community but DRS doesn't get credit for those jobs. At present DRS has created 238 jobs and they need to be at 280 new jobs to fulfill the commitment. They still have time to fill those positions. We have been in contact with Golden Leaf to discuss this situation. We have kept all the State agencies informed of what we are doing. As of April 1<sup>st</sup> the City had \$1.4 million in the Special Revenue Account. DRS does not pay monthly payments as they pay in one lump sum beginning July 1<sup>st</sup>. It is roughly \$187,000. He informed Council at the beginning of these grants that we are protected in a number of different ways. We have legally binding letters of commitment from DRS where if they do not create the jobs that they are supposed to create it is their responsibility to pay back the granting agency whatever the prorated share of jobs that are not created. In the lease agreement we require DRS to go ahead and pay an additional \$35,000 a year retroactive to the first day the lease was executed. In addition we do have a Special Revenue Account which comes July 1<sup>st</sup> this year we will have roughly \$1.6 million that will fulfill all of our obligations if DRS doesn't create the required number of jobs.

Councilwoman Baker asked how this happened to come up for the Pilot? Do you have any idea why all of a sudden now this is coming to light in such a negative way? Does somebody have a beef with us? Does somebody want to make us look bad because she thought this has always been looked upon as a positive undertaking for our area?

Mr. Olson said when he was first writing the article it was very positive. He did ask about the grants and he provided him the information. He made several calls back to the City wanting additional information. The whole article changed from the original contents to the contents that were actually published. Everything in the article is factual. The reporter did a good job writing the information and the grant information is all correct. The only thing that Council

needs to realize there is a number of large Federal contracts which are in the process of being bid over the summer. This may have been done for competitive reasons.

Ms. Hummer said if he printed your comments correctly you sounded like there was a problem and we would have to pay a lot of money back. Where did this come from out of the blue and why was it printed that way?

Mr. Olson replied that he didn't know why it was printed the way that it was. The article is factual and he has told members of Council before that what the Staff had done since 2006-07 was to try to minimize the amount of exposure. He believes we have done that with the legally binding letters of commitment, with the amount of money we have in the revenue account and a couple of other things that we have done. Jeff Hampton did put most of that information in his article, but the negative part of the article kind of over shadowed that last small paragraph. As Council is well aware the economy is weak right now. One thing from his perspective is good for DRS and the companies that do the overhaul work, the Defense budgets are being cut and they won't be going out to buy new assets but will be trying to extend the life of their assets.

Councilman Stimatz stated he wanted to thank Ms. Hummer for asking the City Manager to bring this to light because there are a lot of aspects that the new members on Council would have no idea about because they have not been exposed to it. In his perspective it goes back to being on the Aviation Authority and also how this all got started. AEDC has been heavily involved and Ms. Hummer was Chairperson when we started all of this. All along the staff has been very careful about making sure the City's risk is minimized. In addition sitting on the Airport Authority there was general consensus between the Authority, City and County that until all our obligations are paid and met there wasn't any money going to the Airport itself other than for incidental things that had to be done. That was a long standing commitment among the group. We are short 42 jobs out of 280. We are pretty close to the goal. He thinks we, as a body, has been very careful about exposure for the City. He thinks all things considered things are looking good.

Councilman Brooks said he finds it interesting that it came up the way it did. Sometimes the reporter did his homework more thoroughly than those that are supposed to be in the know. He doesn't know why it came up like this but apparently it was something that needs to be talked about. His concern is when you said they were supposed to create 100 jobs then you said 70 jobs to their credit. Will you say that again?

Mr. Olson replied DRS was employing roughly 270 employees. The magic number for them is 280. They lost a contract that went to another company and

70 of the jobs that they had created and were included in the 280 disappeared and went with another vendor. Basically they had to start from scratch creating an additional 100 jobs. Now they are up to 235-237 jobs and they need to get back to the 280 jobs.

Mayor Peel said he was personally very concerned about the article in the Virginia Pilot because he thought it was very negative. He thought it was negative because when you talk about promises that are not fulfilled; that is not a positive way to write. He thinks it is important for people to understand that the City entered into a business deal with a partner so we are dependent upon that partner for our success as we can't do it by ourselves. It is also important to put into context what has happened since that deal was made. We have experienced the worst economic time since the Great Depression. In spite of that we are very close to meeting our goals. Also, in the mist of all this; our partner was bought by another company and we have had a complete leadership change in that organization which does not mode well when you are trying to meet goals. In spite of that he thinks that we have held our own and the deal while not growing annually brings \$11 million in salaries into our community. Conversation that concerns Councilman Brooks and Mr. Walton and Ms. Hummer you were talking about earlier with people not having money, it is important to note from that \$11 million the average salary at DRS is \$50,000 a year. The annual medium income in Elizabeth City is \$23,000. So how would you like your income doubled? That is the kind of potential that we have in that facility and not only do we have the potential there but the 70 jobs that DRS lost have gone to another company which is now out there, DLS and we have a third company which is now out there, Telephonics. We have three companies that have spun off of what started originally as DRS. DRS in addition to its annual \$11 million in salaries spends almost \$1.6 million on goods and services from this community. Think about how many additional jobs and people that helps. It is also good to note that since this has happened Currituck and the College of the Albemarle have struck a deal to build a \$5 million facility to train local people to be able to work in that facility. The only provisions in the contract that hasn't been mentioned either is that the provision is that a certain percentage of the jobs created have to go to people that live in this five county region. One of the things that he thinks is encumbered upon us as city council people is when that facility is completed, we need to sound the horn and get people over there and get them trained to be able to get that kind of income. We can sit here all night and talk about electric rates or whatever but that is not our problem. That is a symptom of our problem. Our problem is a \$23,000 medium income. People don't have the kind of jobs they need to buy food and pay their electric bills and to live. Now, all business deals like the one we entered in have some risks but if farmers were afraid to plant their seeds, guess what, they would never harvest any crops. The important question for him are in a business deal, is what the City's exposure is and how they have been mitigated. In his mind the City

Manager has answered those questions to his satisfaction. Personally, he wants to commend the leaders in our community who had the foresight and vision to enter into this deal. As Mr. Stimatz just said, our Coast Guard Base here is the premier maintenance and repair aircraft facility, not just in the Coast Guard but literally in the world. People come here from all branches of the service from all countries in the world to see how it is done. They do it better than anybody in the world, right here south of Elizabeth City. It is absolutely a goose that could lay a golden egg for this community. One of the things that he thinks is important for us as city officials to understand is we are dealing with multi national corporations. These people do not have to come here and open a business. They don't have to spend \$20 million to build as they can go anywhere in the world and do that. They do it because of the kind of community we are, the kind of leadership we as the City Council provide and the kind of Coast Guard facility that we have here locally. One of the things that he hopes to be able to do is get some of our elected officials at higher levels more engaged in helping us over the next four to six months in trying to help develop and further this economic treasure that we have. He thinks that people like Don Davis, CEO at DRS and the other CEO's out there need to be told by us we appreciate what they are doing and we are glad they are here and we are here to support them. That is what they need to here and that will encourage them to create those jobs. DRS is out of Italy and they read the Daily Advance before we even get up because they are six hours ahead of us electronically. They know everything that is going on here and he thinks it is encumbered upon us if we care about our people and we care about the issues that we talked about earlier and we really want to do something about it, then we need to be supporting these folks and encouraging them to do more. He agrees with Mr. Stimatz as he thinks it is good that this came up because it is an opportunity to get clear about some things and to get maybe refocused on the importance of what we have out there and what that potential is. He would like to commend them for what they have done and for one say he supports them and will do anything he can to help them grow. He will do anything he can to get the word out to the people that live in this community what an exciting place that is to work. He has been out there and spent three or four hours touring that place. It is a phenomenal place. It requires a high degree of skill as it is not something that just a high school graduate can go and work as they have got to have some skills. What COA is doing that facility will be finished in 12 months and the Aviation Programs at ECSU has over 100 students. There are a lot of things going on in our community to support the growth in our aviation community.

Councilman Donnelly asked if it would be worthwhile for this Council to put forth a resolution of sorts to commend the effort that DRS has put forth.

***A motion was made by Councilman R. T. Donnelly, seconded by Councilwoman J. M. Baker that we as a Council, promote a***

***resolution to endorse the efforts that DRS has been promoting throughout our community.***

Mayor Pro Tem Walton said it is only certain people that are put on that Committee. He still thinks that Council needs to be updated at times on where we are and where we need to go from there. Thus far Mr. Stimatz has been on the Committee twice and Ms. Hill-Lawrence once. He probably knows more about it than Mr. Spence or Mr. Donnelly. We also need updates ever so often so we all will know where we are. He thinks any issues needs to be discussed by us before it goes to any other committee. The other day he said lets discuss the issues of the travel policy. We can send it to the Finance Committee but let's discuss it first to see how people on this Council feel about that situation because we solve problems before we even discuss it. It is not everybody solving the problems as it is just two or three people. That is not good as everybody should have an input on each decision.

Mayor Peel replied that we have committee reports monthly and maybe everyone should make sure that we do a better job of informing folks in bringing things forward.

Mayor Peel called for a vote on the motion:

***Those voting in favor of the motion were: Donnelly, Baker, Brooks, Hill-Lawrence, Hummer, Spence, Stimatz and Walton. Against: None. Motion carried.***

d} Adoption of Resolution regarding Second Electric Delivery Point:

Mayor Peel called upon City Manager Olson for comments.

Mr. Olson stated this item was on the Consent Agenda and was removed and placed on the regular agenda. Prior to the City issuing any debt against the electric utilities, the City must seek concurrence of the NC Eastern Municipal Power agency pursuant to the project sales agreement between the City and Agency dated December 28, 1981. Specifically Section 6(d) (2) of the Power Sales Agreement, the City cannot place an encumbrance on the electrical system without the concurrence of the NCEMPA, if we want to receive 160A financing. What you have in front of you right now is a resolution that is called for pursuant to Section 6(d)(2) of the Power Sales Agreement that says, "The City Council hereby finds and determines that, taking into account past and current operations results of the City's electric distribution system, the encumbrance (new debt) proposed to be placed on the property and equipment that will comprise the second delivery point will not have a material adverse effect on the revenues or operations of the City's electrical distribution system." This

concurrence is a requirement and also the LGC which we need to include as part of our packet when we do ask for 160A Financing from them. Staff is requesting that Council approve the attached resolution.

Mayor Pro Tem Walton said all points that have already been discussed make this here just as important because it was put on the Consent Agenda. Anytime a Consent Agenda is passed so fast that people in the audience and people in the community don't know what we are doing. It is just done so fast and we need to discuss these things about the Second Delivery Point. He still doesn't feel like we need to put \$3.5 million out there even before we go to the Budget sessions, but that is what we are doing.

***A motion was made by Councilman J. A. Stimatz, seconded by Councilwoman J. M. Baker to adopt the following Resolution of the City of Elizabeth City declaring that the financing of the construction of a Second Delivery Point will have no material adverse effect on revenues or the operation of the City's electrical distribution system.***

Councilwoman Hummer stated that there was a recent article where our Power Agency was able to get funding assistance to help with their expansion. She has had a lot of people to call her and question why we could not get assistance in our expansion efforts.

Mr. Olson said he is not sure what she is referring too. There was some money in the stimulus package that the investor owned utilities were able to utilize to do some smart grid projects and some weatherization projects but he doesn't know of any other funding.

Councilman Stimatz said this is a bookkeeping requirement in order to move ahead. We have already made the decision previously when we authorized you to purchase the property for the substation that we were going ahead with it. This is nothing more than boiler plate to make sure we can borrow the money.

Mayor Peel called for a vote on the motion:

**Those voting in favor of the motion were: Stimatz, Baker, Donnelly, and Hill-Lawrence:**

**Motion was denied due to a lack of vote of those voting nay.**

Mayor Pro Tem Walton said this is a preconceived idea because he thinks we went through this process during the retreat. If we go through a retreat to finalize our budget before we discuss our budget we would be jumping over

steps of where we want to be. This group has hidden rules. One person will make that motion, somebody will second it and we will push it through. We need to discuss issues better than what we are doing.

Councilwoman Hummer said she thinks what Mr. Walton is bringing up is the fact that we have a public hearing on the electric rate increase which will be a part of the reason to help finance this and maybe this should come back after the public hearing.

Mayor Pro Tem Walton said we go to meetings and make decisions and we don't discuss it as a group.

Councilman Stimatz said point of order. He believes you called for the vote; we voted therefore the motion passed.

Mayor Peel said that is right.

Councilman Brooks said sometimes he sets back and listens. What Mayor Pro Tem Walton is saying makes sense. He set here in the last three council meetings and sees things that are just past through because they had the numbers. Where was it discussed? Was it before we came to the meeting? He does not know and really doesn't care but what happens is a lot of this stuff is pushed through when they come here and they keep right on pushing and before we get a chance to even discuss it, it goes through. What happens is the vote is down the same lines 5 to 3. It is down the same lines every time. It gets pushed through without any real discussion at all. We never get down to the root of what we are talking about. What he is saying is what people are saying to him out there. That is what they are saying to me and he is relaying it to you. If you want to know that then go into the neighborhoods and ask the people.

Mayor Peel said he would like to know what we need to talk about that we haven't discussed.

Mr. Brooks said go back through the last council meetings and you will see things that have been pushed through that we need to have more conversation on. We talk about people that don't have and they are suffering in these economical times. He believes in looking out and trying to project what we can do to relieve some of that. We can't leave people behind because they don't have the same economics. That is what we are doing. We are pushing it through without them having any input. A lot of them don't come up here because they don't have the transportation to get here. Some are even scraping to try to feed their families and that is not even talking about their medicine aspects. We have to be mindful of that while we are helping others. Be mindful of those that do not have.

Mr. Peel said he understands but he doesn't think anyone wants to push anything through but you need to be in a position when people talk to you about these things if you don't feel comfortable being able to respond. Is there any other information that you need on this topic?

Mr. Brooks said not on this topic. It is not about us verses them as it should be about what we can do for the betterment of the City and to help all of the citizens in the City. That is the whole thing that rattles him with this. There has to be a balance.

Mr. Walton said you get support of Council. What Ms. Hummer said made a lot of sense. If people come in at the public hearing and this place is loaded with people some will still make that motion and it is going through. That is bad. Last meeting we had a counselor to withdraw a motion and the person withdrew the second, came right back and made the same motion and it went through. That is not a good council that is a wicked council.

Mr. Peel said you are making assumptions again.

Mr. Walton replied that is a fact as that happened.

Ms. Hummer said she is not personally ready to vote on this until after the public hearing on the electric rate increase which involves this.

Mayor Peel said we did vote on it so it passed.

Ms. Hummer said no as we didn't have a complete vote because she didn't even answer as Mayor Pro Tem Walton had raised his hand to speak and wasn't recognized at first. You need to take that vote again.

Mayor Peel said alright we will take the vote again.

***Those in favor of the motion were: Stimatz, Baker, Donnelly and Hill-Lawrence. Against: Brooks, Hummer, Spence and Walton.***

***Motion was denied due to a lack of a vote to break the tie.***

Councilman Spence said he is confused because a minute ago they said we can't vote on it because it is already done when we voted on getting the property. Correct. Is that what you were saying?

Councilman Stimatz said all he asked was he made a motion to adopt the resolution and it was seconded. Then the Mayor called for the vote, we voted

and Mr. Walton wanted discussion. He made a point of order that we did have a vote and the Mayor said yes we did and it passed. That has been called into question by the group, so we are re-voting on the same thing which is to adopt the resolution saying yes we are not going to go into debt doing this. That is all the resolution says. It doesn't say we are committing any money. It doesn't put money into the budget. It is a piece of paper that lets people know that we are going to do this and that we are going to do it correctly. We are dotting our i's and crossing our t's and filling out the forms correctly. That is all that we are doing. There is no budget commitment. We are not tying our hands for the next fifty years, we are not sending people to the poor house or taking people out of town, we are bringing a piece of paper in to the hands of the governing bodies so they can go when you get around to asking for this money, we will have this in your total. Thank you very much. That is all we are doing.

Councilman Spence said so he can be clear on this, what Mayor Pro Tem Walton is asking is can we just hold off until we have the public hearing and then we can do this.

Mayor Peel asked Mr. Olson if we needed to do this now or can we wait.

Mr. Olson stated that this item is slated to go to the Board of Directors of Electricities for their concurrence of the Eastern Agency at their last meeting of the month which he believes is the last Friday of the month. He believes that we could do this at the next meeting. Just to clarify a point so that the entire Council realizes if we don't take a rate increase there is no sense in getting concurrence from the Eastern Agency because the LGC will not approve the issuance of debt. You have to have concurrence before you can issue the debt.

Mayor Peel said so we could wait until our next meeting.

Councilman Stimatz asked to move the question.

Mayor Peel called for a vote on the original motion.

***Those voting in favor of the motion were: Stimatz, Baker, Donnelly and Hill-Lawrence. Mayor Peel voted yes.***

***Motion was denied due to the failure to call for the nay votes.***

Councilman Brooks stated that is what he has been talking about. Mr. Mayor you raised your hand with them before we even voted. You didn't even have a chance to break the tie. You voted along with them.

Councilman Donnelly said he is sick and tired of this us verses them s\_ \_ \_ (explicit).

Mayor Peel said Councilman Donnelly you are out of order.

**8} COMMENTS AND INQUIRIES ON NON-AGENDA ITEMS:**

Councilman Donnelly stated he had no further comments to make tonight.

Councilman Spence stated he wanted to say to Ms. Pierce-Tamplen that he was glad to see she was feeling better as well as Mayor Pro Tem Walton. He would ask if somebody has the information that somebody is out sick, please let us know because there is a concern about each other that we have to have. Ms. Dianne and Mr. Walton he is glad to see both of you back.

Councilwoman Baker stated the other half of the story that she started before, the number of foreclosures in the last twelve months that have sold are 21 in Pasquotank County and 57 in Elizabeth City as opposed to 27 on the market in Elizabeth City right now and 5 in the County, 78 have sold within the last year. That is an indication that the market is improving and less foreclosures on the market. Things are getting better believe it or not.

Councilwoman Hummer said indicators don't help those who are in trouble; they will appreciate your statistics. She has to agree that whenever the City Clerk or a Councilmember, Mayor Pro Tem, Mayor or whomever is ill or especially in the hospital we need to be advised. She didn't know until four days later on either one of them. Also, we still have a mosquito problem and she will give you an address where there is a real problem. Also, there is still a lot of speeding on Maple and Cedar Streets. People are still talking to her about it and they want something done about it.

Mayor Pro Tem Walton stated it is good to be back. It is an everyday process but it is getting there. Mr. Olson can you meet him tomorrow at the Fish Court around 10:00 a.m. A couple of weeks ago he ask if there was still work to be done on the Fish Courts and you said yes and then when he saw Ms. White she said everything had been done. He went by there and there are holes in there. He is not saying to make it look like Mariner's Wharf Park or South Park but those little holes in there we don't have to do anything but put a little bit of dirt in there and rake over it. Then when it rains the puddles won't be there. There is not a whole lot more to be done but we need to do better cosmetics than what is over there now. He will give you a call tomorrow morning.

Councilwoman Hill-Lawrence asked if the project was complete over there.

Mr. Olson replied that he doesn't believe they are done with it yet. There is still a lot of work to be done. It looks better but there is still work to be done.

Councilman Stimatz replied that he has no further comments to make tonight.

Councilman Brooks stated he must address that when you ran Mr. Peel you talked about civility on Council. Everyone said he was the one uncivil. Everyone just heard Mr. Donnelly use profanity toward him. He didn't respond in the same way. He said he is tired of this. He wasn't pointing out Mr. Mayor but what he is saying when Council votes you vote to break the tie. You voted along initially. You are supposed to wait until those against the motion votes and then you break the tie. We never voted nay, you just voted with the first group. Let's leave it alone for now. He wants to commend the students that marched on Saturday for the justice for Trayvon Martin. He read the article and it was headed up by students from the University. Several others participated in the march and they did well. They asked him to be the speaker but he turned it down. He wore the hoodie prior to the march at a Council meeting and it bothers him a little but he decided not to address it that some Council people addressed it. The one he would like to talk about is the council person that said he was trying to draw attention to myself. The problem he has with that is that they also said that if a public citizen had come in wearing a hoodie they would have asked them to leave. You can't do that. That is profiling someone. The reason why he says this because all night he has been hearing about how we get a negative out of the DRS article. As positive as the support for Trayvon Martin a Councilmember has the audacity to make it appear that the issue was about him. The issue was justice for Trayvon. If the council person came to him and needed help or if it was one of her kids that happened too, he would have done the same thing under the same circumstances. That is what you do when you care about people. He will say this too about the article that Bud Wright wrote. He finds it amazing that Mr. Wright wrote his opinion but in his faith it says a good name is more to be desired than riches. If Bud Wright walked in this room right now, he would not even know him. He didn't talk about the positive things he has done. The article said, "Over the course of his service to the City Brooks attempted to spark a racial incident about the cleaning of bathrooms at Parks and Rec. His outrage was over the use of a toothbrush by mostly African-American employees to clean crusted faucets." This is a lie within itself. You can pull the tape if you need to look at it. It was a negative attempt on a situation to correct an injustice. He doesn't use the term African American. He didn't know what race the guy was at all. It wasn't important to him. He doesn't talk about how he helped the people on Carolina Avenue. That wasn't in his Ward when they were talking about closing Carolina Avenue. The council people in their Ward voted against them. He voted for them. He went to bat for Ms. Farmer. He went to bat for Ms. Barclift. It doesn't matter which Ward they are in if they call him he is going to try to help them. This kind of stuff frustrates

him. This Council can be more positive than this. We need to make sure that we are for all the people in Elizabeth City and not just a certain few. There is no way he is going to let a colleague attack him and not respond.

Mayor Peel said he would like to say to Mayor Pro Tem Walton and City Clerk Pierce-Tamplen that it is good to have them back. He agrees we do need some way to let us know when one of us is ill.

**9} ADJOURNMENT:**

There being no further business to come before the Council at this time, Mayor Peel entertained a motion for adjournment.

***A motion was made by Councilman K. K. Spence, seconded by Councilwoman L. A. Hummer to adjourn the meeting. Those voting in favor of the motion were: Spence, Hummer, Baker, Brooks, Donnelly, Hill-Lawrence, Hummer, Stimatz and Walton. Against: None. Motion carried.***

Mayor Peel adjourned the meeting at 9:52 p.m.

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Dianne S. Pierce-Tamplen, MMC  
City Clerk

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Joseph W. Peel  
Mayor