

**PASQUOTANK COUNTY, NORTH CAROLINA  
JUNE 30, 2014**

The Pasquotank County Board of Commissioners met today in a special meeting on Monday, June 30, 2014 in the Hugh Cale Commissioners Board Room in the Pasquotank County Courthouse.

**MEMBERS PRESENT:**

Jeff Dixon, Chairman  
Joseph S. Winslow, Jr., Vice-Chairman  
Lloyd E. Griffin, III  
Cecil Perry  
Gary G. White  
Dr. William R. Sterritt  
Frankie Meads

**MEMBERS ABSENT:**

None

**OTHERS PRESENT:**

Rodney Bunch, County Manager  
R. Michael Cox, County Attorney  
Sheri Small, Finance Officer  
Karen Jennings, Clerk to the Board

The meeting was called to order at 2:00 PM by Chairman Jeff Dixon.

**1. PUBLIC HEARING ON A PROPOSAL TO PROVIDE CERTAIN ECONOMIC DEVELOPMENT INCENTIVES TO THOMPSON THRIFT DEVELOPMENT, INC. TO ASSIST WITH INFRASTRUCTURE IMPROVEMENTS:**

Chairman Dixon declared the meeting to be a public hearing on a Memorandum of Agreement to enter into a Business Investment Program Grant Agreement with Thompson Thrift Development, Inc. The agreement would provide economic development incentives up to \$182,500 for infrastructure improvements, including road, traffic signal, sidewalk/bike path, associated with Thompson Thrift's project. It is anticipated that the development of the project would enhance the county's property tax base, increase sales tax revenues, and increase the number of jobs available within the county.

Chairman Dixon called on Elizabeth City Mayor Joe Peel to make a presentation. Mayor Peel explained that the city and county have approved the Business Investment Program grant for Tanglewood Pavilions which is a three phase commercial development on 72 acres of land off of Halstead Boulevard. The improvements that are being discussed today will be taking place in Phase I which consists of 26 acres. He said development of this phase will facilitate development of the additional 46 acres in the second and third phases. He presented a diagram of the entire site showing each phase. Phase 1 will include shops, parking, and outparcels. Mayor Peel stated that Thompson Thrift Development already has a contract with Hobby Lobby which will include a 55,000 square foot facility. He said he understands their wages are pretty high which should help raise wages in other retail shops. The project also includes T.J. Maxx, Ross, Kay Jewelers, and a number of smaller stores. Mayor Peel stated that Thompson Thrift plans to invest between \$25 and \$28 million which will create a lot of real estate and construction related jobs as this is being built. He said approximately 225 to 275 jobs paying annual wages ranging from \$30,000 to \$75,000 will be created once the project is complete. He pointed out that the Northeast has one of the largest unemployment rates in the state so these additional jobs are much needed for the area. He said these jobs will also result in some additional personal property taxes. Mayor Peel explained that when the BIP ends in 2024, the city and county will receive an increase in property tax revenues as a result of this project being developed. He said the biggest benefit will be the increase in sales tax generated for the city and county. Over 10 years the county stands to get a little over \$4.5 million and the city will receive just over \$1.5 million of much needed revenue. Mayor Peel stated that the Memorandum of Understanding being considered includes economic development incentives for construction of an access road, a bike path, and installation of a traffic signal. He said DOT is requiring construction of the access road because the intersection of Halstead Boulevard and Tanglewood Parkway has the highest volume of traffic of any intersection in the city and county, and also has the highest number of accidents. DOT did not believe this intersection could handle the additional 12,000 vehicles that could be generated by this development. It is proposed in the Memorandum of Agreement that the city and county each reimburse the developer \$125,000

for construction of this roadway. Mayor Peel stated that it is unsure how much of the bike path is going to be completed during Phase I, however once it is completed, the county would reimburse the developer \$25,000. In addition, the county would be responsible for the payment of \$32,500 of the cost for installation of a traffic signal at Tanglewood Parkway. Mayor Peel explained that none of what is being done is actually inside the project area. He advised that the city and the county each would be responsible for contributing a total of \$182,500 toward the cost of the project. County Manager Rodney Bunch noted that the road and traffic signal improvements will have to be done at the same time Phase I is being developed.

Members of the Board asked questions regarding the road and traffic signals which were answered by City Manager Rich Olson.

Chairman Dixon asked if anyone from the public would care to comment on the proposed Memorandum of Understanding with Thompson Thrift Development, Inc.

Mr. James Morris asked if the county provides money for roads whether other expenses such as water, sewer or electricity will be involved. Chairman Dixon responded that there will be no further incentives in addition to those tax incentives included in the Business Investment Program agreement that was previously approved and the infrastructure costs included in the current Memorandum of Agreement. Mr. Morris said he is opposed to providing incentives to big businesses while small businesses do not get any breaks.

Mr. H.V. Cole asked if the county and city have the authority to give away millions in taxes. County Attorney Mike Cox stated that G.S. §158 allows local governments to participate in economic development projects. Chairman Dixon stated that many local governments across the state use business grants to do economic development projects. He said Pasquotank County is not the first. Mr. Cox added that there are business grants, discounts on property sales in the Commerce Park, and other ways counties can provide incentives as outlined in G.S. §158. Mr. Cole asked who authorized the county to offer a \$2.2 million tax incentive. Mr. Cox explained that the Business Investment Program was approved by the Board of Commissioners in December after a public hearing. It will provide a maximum of up to \$2.2 million in tax incentives for up to 15 years or until the \$2.2 million limit has been reached. Mr. Cox said the incentives being discussed today are completely different from the Business Investment Program. Mr. Cole asked if the developer decides to sell the property in three or four years whether the Business Investment Program incentives will continue. Mr. Olson replied that the incentives will stay with the property. He noted that under the Business Investment Program, the property owners have to pay the taxes which will then be granted back to them. Mr. Cole said he hopes the taxpayers do not get hung with these taxes. He stated that these types of retail businesses hire only part-time employees, pay low wages, and provide no benefits or healthcare for their employees. This in turn forces the employees to go to the emergency room when they need healthcare which then falls back on the county to pay for their care. Chairman Dixon responded that the companies planned for this development are not like that, and in fact Hobby Lobby starts their employees at \$11 per hour and provides full benefits. Mr. Cole said he does not believe a development of this size will back away if they do not get \$365,000 in incentives from the city and county to assist with infrastructure costs. He added that he does not think this is a good deal for the county.

Mr. George Hague of 2321 Delia Drive stated that the county has already negotiated the Business Investment Program and it appears it is back in negotiations again. He said he has mixed feelings but understands the need for investment to expand the county's economic base. He stated that this is better than some of the wasteful spending he has seen. He stated that he would like to go on record supporting the county's additional funding for the Thompson Thrift Development provided that sufficient contingencies are put in place to ensure compliance with all the rules of development before the money is released. He said he is concerned about last minute changes that entail a 2:00 PM public hearing on a Monday prior to the 4<sup>th</sup> of July. He stated that there should be a clause in the agreement that the developers will buy their material locally and hire locally whenever possible during the construction phase. He said he has spoken with several taxpayers and business people and on the surface there is a hint of unfairness about paving the way for large entities to locate on the backs of small businesses, but for the job base and market to grow, it is these large businesses that fuel the fire. He stated that the majority of those he has spoken with agree and they realize that sales taxes and retail expansion are critical to the county. He said this development will also serve to increase visits from neighboring counties as Pasquotank County regains strength as the shopping hub of Northeastern North

Carolina. He added that he firmly believes the role of government is to provide infrastructure for growth. He said he personally feels that the additional money required to lure this development can easily be found in the recently passed budget if Commissioners and staff take the time and effort to remove wasteful spending. He stated that the question now is when the city and county will start a small business investment program to assist local businesses to expand and grow jobs.

Mr. Zack Robertson of 115 South Griffin Street stated that the company is saying they will spend \$20 million and they are supposed to break ground in 90 days and are \$365,000 short. He said the company should go back and look at who is doing the figuring for them. He stated the company should have had something built in to absorb the cost overruns. He said he is totally against the incentives and he does not believe that \$365,000 will be a deal breaker with a \$20 million project. He said the Commissioners need to be careful how they spend money and he asked that they not give away the county. Mr. Robertson said he heard the City Manager say that the city will be using part of its Powell Bill money to provide its match, however the city should use that money for badly needed street repairs. He added that he is not in favor of giving Thompson Thrift the money and believes that they should come to the table with a deal and once it is approved by the city and county they should not come back for more money.

At the absence of further comments, Chairman Dixon closed the public hearing and asked for comments from Commissioners.

Vice-Chairman Joe Winslow said he understands that property taxes will be deferred for up to 15 years. He asked what taxes the county will collect once stores move into the facility. Mr. Olson said there will be county and city taxes collected, but they will be on inventory and personal property. Improvements to the shell building will be included in the taxable value and will be taxed according to the Business Investment Program, but any improvements made by the tenants will be considered personal property and will be taxed as such. Vice-Chairman Winslow asked if there has been any study as to the impact this facility will have on other retail establishments as far as loss of business. Mr. Olson said he knows of no analysis of this type. Mayor Peel stated that he thinks it will have a much bigger impact on Virginia than it will locally because people who are now traveling to Virginia to shop at T.J. Maxx, Ross, and Hobby Lobby won't have to go to Virginia any longer.

Commissioner William Sterritt noted that his primary interest in this development is to attempt to stem the tide of people going to Virginia. He said this development will also capture people from Edenton, Hertford and other places who will spend their money in Elizabeth City which will increase sales tax revenue. He stated that he believes the project is positive and another factor is the wages that are going to be paid to the individuals, primarily local people, during the construction of the project.

Commissioner Lloyd Griffin said the payroll for this shopping center will be about \$8.4 million per year. He stated that he has heard that every one job creates three more. The employees will buy food and gas and other items which will also help create jobs. Commissioner Griffin said the additional jobs and sales taxes will result in an economic windfall. He stated that he hoped the Department of Transportation would be able to pay for the traffic signals, however the Department of Transportation does not have the funding due to the new funding formula. Commissioner Griffin said he believes the county will get a good rate of return on its money with the additional sales tax revenue that will be created. He added that he can support the project.

Commissioner Gary White asked Mayor Peel if he has a rebuttal to those who have spoken against the project. Mayor Peel said it is pretty hard to turn down \$4.5 million in sales tax revenue for the county over 10 years and \$1.5 million for the city. He stated if it is paid out in 10½ years as has been suggested the city and county will see a dramatic increase in property tax revenue at that time. He said once this phase gets built out he believes the second and third phases will soon follow. He stated that the jobs are also important. He said from what he has seen, this company has done good work on the other projects it has built. He said this project has a lot of pluses. Commissioner White noted that he has had some of the same concerns voiced by Mr. Robertson, but the potential for economic development and jobs must be weighed.

Vice-Chairman Winslow asked if Thompson Thrift Development understands that this is it and there are no more incentives. Mr. Olson responded it is understood that this is the final grant.

Commissioner Frankie Meads stated that Thompson Thrift should have presented its entire proposal at one time and should not have come back for more incentives. He said they should have done what they planned in the beginning. He said there are empty stores in the area that are large enough for Hobby Lobby to fit it and there are more empty buildings in the area which could accommodate the other businesses. He stated that he believes the estimate of 250 jobs to be created is too high and he thinks it will be about half that number. He said he also thinks the sales tax estimate is way off. He stated the development will definitely have an effect on other businesses in town that sell the same products and he does not think it is fair for the small business people in this community to be taxed to allow another giant corporation to come in and build and get a tax break. He said if it is done for one, it should be done for all. Commissioner Meads stated that holding a public hearing at 2:00 PM on a Monday on the week of a holiday is not convenient for the public and the hearing should have been held when it is convenient for the people of the community. He stated that millions of dollars have been spent at DRS and there is nothing to show for it. He said recently the city purchased farmland for \$30,000 an acre in order to expand the airport. He stated that Pasquotank County is not going to get the training facility because it is in Currituck. He noted that it is still questionable how long Elizabeth City State University will remain open. He said there definitely need to be some changes in the way things are being done. He added that the county has a debt of approximately \$71 million including the Water Department and the Jail. He asked how the county can give something away when it is not the county's to give because it is in debt.

Commissioner Cecil Perry said one of his concerns is the fact that a lot of the low wage workers will come from the district he represents. He stated when minimum wages are paid to a person, it is very difficult not to create more poverty. He said there needs to be some agreement that the companies will not pay anyone less than \$30,000 regardless of their job. He noted that anything less is not a livable wage. Commissioner Perry asked where the money will come from to pay the county's share of the infrastructure improvements. Mr. Bunch said this money will come from fund balance.

Chairman Jeff Dixon commented that Camden County had to literally pay a Dollar General Store \$20,000 to come to their county and this is just one example of what economic incentives are all about. He said he heard comments about hurting local businesses, but this Thompson Thrift Development will actually help some local businesses. He added that some of these businesses are so specialized, like Hobby Lobby that they will not compete with other businesses. He noted that the incentives being considered are for off-site improvements and would have to eventually be done for any other businesses that might locate there. He said the improvements will help the community.

Commissioner White said he would like to ask a hypothetical question. He asked how many would support a tax incentive for Ford Motor Company if it decided to build a plant in Pasquotank County, and most everyone in the room agreed they would support it. Chairman Dixon stated that something of this magnitude is not going to happen, so Pasquotank County has to get the businesses it can get.

Motion was made by William Sterritt, seconded by Lloyd Griffin to approve the proposed Memorandum of Agreement with Thompson Thrift Development, Inc. and Tanglewood Parkway Elizabeth City, LLC to provide economic development incentives up to \$182,500 for infrastructure improvements associated with Thompson Thrift's project. The motion carried by a five to two margin with Commissioners White and Meads voting against the motion.

**2. APPROVAL OF ONE-HALF PERCENT DISCOUNT FOR EARLY PAYMENT OF 2014 TAXES IN JULY AND AUGUST:**

The Board considered continuing to offer a one-half percent discount for early payment of 2014 property taxes in July and August. This has been done in the past and it is recommended that the discount be continued because it encourages property owners to pay their taxes early, improves the county's cash flow, and helps spread out the collection of taxes throughout the year instead of the majority of tax collections being concentrated during the month of December.

Motion was made by Joe Winslow, seconded by Frankie Meads to approve a one-half percent discount for early payment of 2014 property taxes in July and August. The motion carried unanimously.

### 3. APPROVAL OF BUDGET AMENDMENTS:

The Board considered several budget amendments to close out the 2013-14 fiscal year. Finance Officer Sheri Small reviewed the amendments as follows:

#### **Public Buildings**

Increase	010.0110.4111.13	Ad Valorem Taxes-'13	12,275.00
Increase	010.4190.5500.00	Capital Outlay	12,275.00

#### **Health & DSS Building**

Increase	010.0110.4111.13	Ad Valorem Taxes-'13	9,000.00
Increase	011.4192.5331.00	Utilities	9,000.00

#### **Special Appropriations**

Increase	010.0230.4360.05	Juvenile Justice Pass-Thru	1,500.00
Increase	010.6600.5615.10	Juvenile Justice Pass-Thru	1,500.00

#### **Special Appropriations**

Increase	010.0110.4111.13	Ad Valorem Taxes-'13	6,760.00
Increase	010.6600.5693.04	Airport Taxes-City	6,760.00

#### **Debt Service**

Increase	010.0110.4111.13	Ad Valorem Taxes-'13	2,563.00
Increase	010.9100.5395.00	Issuance Cost	2,563.00

#### **E911**

Increase	022.0991.4991.00	Fund Balance Appropriated	10,110.00
Increase	022.4328.5440.00	Contracted Services	10,110.00

#### **Occupancy Tax**

Increase	030.0220.4270.00	Occupancy Tax Collections	5,000.00
Increase	030.4920.5625.01	Tourism Board	5,000.00

#### **Water**

Increase	060.0350.4713.00	Sale of Water	70,600.00
Increase	060.7130.5121.00	Salaries & Wages	29,961.00
Increase	060.7130.5270.00	Water Purchase	40,639.00

#### **Waste Water**

Increase	060.0350.4714.00	Sewer Revenue	20,000.00
Increase	060.7140.5331.02	Waste Water Treatment	20,000.00

#### **Jail**

Increase	010.0110.4111.13	Ad Valorem Taxes-'13	13,000.00
Increase	010.4320.5190.00	Professional Services	13,000.00

Motion was made by Joe Winslow, seconded by William Sterritt to approve the budget amendments as presented. The motion carried unanimously.

### 4. CONSIDERATION OF BIDS FOR IMPROVEMENTS TO THE BULKHEAD AND BOARDWALK AT SAWMILL PARK:

The Board considered bids that have been received for improvements to the bulkhead and boardwalk at Sawmill Park. Chairman Dixon stated that at the last Finance Committee meeting staff was not given direction on how to proceed and the project is currently in limbo. County Manager Rodney Bunch explained that in an effort to get the best price possible, Engineer Pat McDowell was hired to put together a plan and the informal bid process was used to get bids for the project. He said the county had to go through a permitting process which Mr. McDowell handled and a CAMA permit has been received. He stated that several members of the Board have looked at the site and have seen what the project would entail.

Lengthy discussion was held regarding the project and members of the Board offered suggestions as to how it might be redesigned to cost less, such as placing rip rap rather than bulkheading.

Chairman Dixon asked who was in favor of moving forward with this project and awarding the bid to Earthshakers Marine, LLC, the low bidder, for their bid of \$25,750. He noted that Mr. McDowell has also suggested a contingency figure of \$7,500 for the project.

Motion was made by William Sterritt, seconded by Jeff Dixon to accept the low bid from Earthshakers Marine, LLC for \$25,750 for the bulkhead and boardwalk improvements for Sawmill Park, and to establish a contingency amount of \$7,500 for the project.

Discussion followed and Commissioner Sterritt explained that this all came about because of a phone call he received from a citizen who was concerned about the safety of people using the boat ramp area and walking on the boardwalk. He said this project has been discussed for 15 months and it is at the point where the Board needs to make a decision. He noted that he is not opposed to some tweaking of the plans or re-bidding the project, however if it is re-bid, the original bids have already been made public.

Engineer Pat McDowell explained that when the informal bid approach is used for a small project, bids are received from the smaller contractors. He said there were three bulkhead contractors who were contacted and those names were given to him based on past positive experience with the city and county. He stated that two of the contractors who submitted bids did not have licenses to qualify for this size project so they had to team up with larger contractors. He added that normally if a project is re-bid without changing the specifications it will put a lot of pressure on those who submitted bids and they will be reluctant to bid again because their numbers have been made public. He said if the project is re-designed and re-bid it is more likely that those contractors will bid again.

Commissioner Sterritt said it is important to Pasquotank County that this project happens because someone could get hurt. He added that it is also a benefit for the people of the Weeksville area who don't have to drive into town to put their boats in the water.

Mr. McDowell stated that he will do whatever the Board wants, but if the Board decides to only do one portion of the project, the other portions will have to be dealt with over time. He said this project as designed will have sustainability. He pointed out that it has been suggested that rip rap might be used to stabilize the area behind the boardwalk, however there were concerns that snakes would be an issue if rip rap were used and therefore there was a movement towards bulkhead rather than rip rap. Commissioner Sterritt noted that rip rap also gets slippery.

Vice-Chairman Joe Winslow stated that this boils down to whether to do a minimal project or to invest more money in the project so it will last a longer period of time.

Chairman Dixon asked for a vote on the motion to award the bid.

The motion failed by a two to five vote with Commissioners Dixon and Sterritt voting in favor of the motion and Commissioners Winslow, Griffin, Perry, White and Meads voting against the motion.

Chairman Dixon referred this issue to the Building and Grounds Committee. He suggested that the committee meet with Mr. McDowell as soon as possible to come up with a plan for repairs at Sawmill Park. He said the CAMA permit is only good for four months.

**5. CLOSED SESSION TO PRESERVE THE ATTORNEY CLIENT PRIVILEGE:**

Chairman Dixon asked for a motion that the Board enter Closed Session to preserve the attorney client privilege and to discuss the Davenport vs. Cartwright Etal lawsuit.

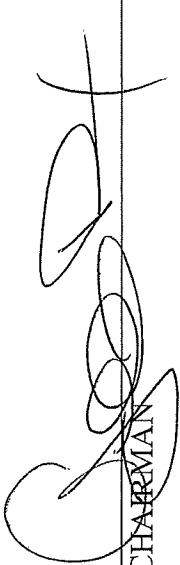
Motion was made by Gary White, seconded by Frankie Meads that the Board enter Closed Session to preserve the attorney client privilege and to discuss the Davenport vs. Cartwright Etal lawsuit. The motion carried unanimously.

Upon the end of Closed Session;

Motion was made by Joe Winslow, seconded by Lloyd Griffin that the Board return to Regular Session. The motion carried unanimously.

There being no further business, Chairman Dixon asked for a motion to adjourn the meeting.

Motion was made by Gary White, seconded by Frankie Meads to adjourn the meeting. The motion carried unanimously and the meeting was adjourned at 3:45 PM.

  
CHAIRMAN

  
CLERK TO THE BOARD