



Minutes of the Burlington City Council Meeting

Virtual Meeting
7:00pm – Tuesday, March 2, 2021

The City Council of the City of Burlington held a regularly scheduled meeting remotely beginning at 7:00pm on March 2, 2021. Due to the Coronavirus Pandemic, this meeting was convened remotely via Zoom Webinar platform.

Mayor Ian Baltutis presided.

Council Members Present:

Mayor Ian Baltutis
Mayor Pro Tem Kathy Hykes
Council Member Robert Ward
Council Member James Butler
Council Member Harold Owen

Staff Present:

City Manager Hardin Watkins
City Attorney David Huffman
Interim City Clerk Beverly Smith

Council Members Absent: None

CALL TO ORDER: Mayor Ian Baltutis

The meeting was called to order at 7:00pm.

INVOCATION Council Member James Butler

The invocation was offered by Council Member Butler.

CODE OF ETHICS DISCLOSING CONFLICTS OF INTEREST Interim City Clerk, Beverly Smith
There were no conflicts reported.

APPROVAL OF MINUTES

- January 12, 2021 Special Meeting
- January 19, 2021 City Council Meeting

Upon a motion by Council Member Owen, seconded by Mayor Pro Tem Hykes, it was resolved unanimously to approve the foregoing minutes.

ADDITIONS – CONSENT AGENDA

- **Item E:** CDBG Funded Infrastructure Projects
- **Item F:** Adopt Housing Rehabilitation Assistance Policy
- **Item G:** Memorandum of Understanding – Impact Alamance – Youth Solutions Program

Upon a motion by Council Member Ward, seconded by Mayor Pro Tem Hykes, it was resolved unanimously to approve the additions to the agenda.

ADOPTION OF AGENDA

Upon a motion by Mayor Pro Tem Hykes, seconded by Council Member Ward, it was resolved unanimously to adopt the agenda with additions.

CONSENT AGENDA

~~A. To authorize the City of Burlington to retain Stout, Stuart, McGowen & King, LLP, for their services in the FY2020-2021 annual audit, and to authorize the Mayor and Director of Finance & Risk Management to execute the contracts. (Moved to New Business)~~

B. To approve Budget Amendment 2021-25 for donations made to Animal Services to offset expenses relating to the medical care of animals.

Budget Amendment 2021-25

Increase Revenues:

01004503 30104 Donations – Animal Shelter \$ 29,464

Increase Expenditures:

01052503 43325 Donated Medical Care Expense \$ 29,464

C. To provide a letter of support for Burlington Fire Department to apply to receive federally funded Staffing for Adequate Fire and Emergency Response (SAFER) grant.

D. To award a 12-month transit service contract extension to Transdev Services, Inc., to provide Link Transit fixed route and paratransit services for a period of July 1, 2021 to June 30, 2022.

E. To approve the following public infrastructure projects for the remaining annual allocation of CDBG funds.

- 1) North Park Phase 1C (\$154,358)
- 2) Apple Ridge Subdivision Street/Sidewalk (\$150,000)
- 3) Apple Street to Sharpe Road Sidewalk (\$100,000)

F. To adopt a City of Burlington Housing Rehabilitation Assistance Policy.

G. To approve a Memorandum of Understanding between the City of Burlington and Impact Alamanca for the Youth Solutions Program.

Mayor Baltutis asked to move Consent Agenda Item A to New Business for further discussion.

Upon a motion by Mayor Pro Tem Hykes, seconded by Council Member Ward, it was resolved unanimously to move Consent Agenda Item A to New Business for further discussion.

Upon a motion by Council Member Butler, seconded by Mayor Pro Tem Hykes, it was resolved unanimously to approve the foregoing consent agenda Items B-G.

Mayor Pro Tem Hykes, Council Member Ward, and Council Member Owen commented on the generosity of the donations to Animal Services and expressed appreciation.

NEW BUSINESS: Moved from Consent Agenda Item A: Annual Audit Services Contract FY20-21

Mayor Baltutis announced City Council would consider authorizing the City of Burlington to retain Stout, Stuart, McGowen & King, LLP, for their services in the FY2020-2021 annual audit, and to authorize the Mayor and Director of Finance & Risk Management to execute the contracts.

Mayor Baltutis mentioned a discussion at a prior meeting about the fiscal prudence of rotating audit firms periodically. He shared feedback from a conversation with NCLM state auditor, Audra Wood, who advised regularly rotating auditors for industry best practices to seek a firm to audit with a fresh set of eyes, even if outside of the community, to look at finances periodically to keep people out of rhythms that allow for financial mismanagement. He explained that was his purpose for moving the item for further discussion and stated it would be his desire to put the audit out for bid with alternative firms since the City has used the same firm for over a decade. He stated this is far too long by industry best practices.

Council Member Butler responded there are several industry best practices that we do not follow as a City that we could dive into and do. He stated the appeal of having Stout, Stuart, McGowan, & King, is the familiarity of our municipal operations, they are good stewards, and the fact that Council can contact them and challenge them at any time with inquiries related to the City's finances and expressed no concerns with their auditing practices or the firm.

Council Member Owen commented the focus of many communities around the state that are facing financial challenges and agrees with the philosophy. He commended the internal staff of the City and expressed full confidence in Stout, Stuart, McGowan & King and concurred with Council Member Butler on the ability to communicate with the firm.

Council Member Ward asked Mayor Baltutis if there were any other concerns other than industry best practices that need to be addressed with the current firm that need to be considered.

Mayor Baltutis responded taking on best practices has been seen in other areas and being responsible overseers of our taxpayer's money to prevent any level of mismanagement is the purpose of having further discussion.

Council Member Butler agreed the discussion is valid, expressed he had no concerns with the current firm, and comfortable with the firm. He stated he is under the impression that City staff receives good guidance from this firm on best practices.

Council Member Owen stated he feels strongly about supporting local business of a trusted and vetted firm.

Mayor Pro Tem Hykes agreed with having the audit firm discussion, she prefers selecting a local business overall unless there are valid concerns with the firm and would look at that seriously if that were the case.

Council Member Butler commented on the risks associated with changing firms and commended the firm for the level of service the City receives from Stout, Stuart, McGowan & King.

Council Member Ward commented on his interactions with Stout, Stuart, McGowan & King, and expressed he has been well pleased with the services provided to the City of Burlington over the years.

Mayor Baltutis expressed appreciation for the discussion and comments. He stated some of the comments raise a red flag along the lines of comfort and long-term relationships. He asked to engage in a more thorough conversation for the following year's audit plans.

Following discussion, upon a motion by Council Member Ward, seconded by Council Member Owen, it was resolved unanimously to authorize the City to retain Stout, Stuart, McGowan & King, LLP, for their services in the FY2020-2021 annual audit, and to authorize the Mayor and Director of Finance & Risk Management to execute the contracts.

OLD BUSINESS

1. City Council will consider adopting a Resolution authorizing the sale and issuance by the City of Burlington of its Combined Enterprise System Refunding Bonds Series 2021B, authorizing the execution and delivery of certain documents in connection therewith.

Director of Finance and Risk Management Peggy Reece introduced the following Resolution and recommended adoption of the order.

Upon a motion by Council Member Butler, seconded by Mayor Pro Tem Hykes, it was resolved unanimously to adopt the following Resolution as written.

Resolution# 21-07

ORDER AUTHORIZING THE SALE AND ISSUANCE BY THE CITY OF BURLINGTON, NORTH CAROLINA OF ITS TAXABLE COMBINED ENTERPRISE SYSTEM REVENUE REFUNDING BOND, SERIES 2021B AND A SUBSEQUENT TAX-EXEMPT REFUNDING BOND AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH

BE IT ORDERED by the City Council (the "City Council") of the City of Burlington, North Carolina (the "City"):

Section 1. The City Council does hereby find and determine as follows:

- (a) The City has heretofore entered into a Trust Agreement, dated as of December 1, 2010 (the "Trust Agreement"), with U.S. Bank National Association, as trustee (the "Trustee"), authorizing the issuance of revenue bonds thereunder for the purpose of financing and refinancing the cost of improvements to the City's Combined Enterprise System created thereunder.

(b) Pursuant to the Trust Agreement and a First Supplemental Trust Agreement, dated as of December 1, 2010, between the City and the Trustee, the City has heretofore issued its \$11,825,000 City of Burlington, North Carolina Combined Enterprise System Revenue Bonds, Series 2010A (the “Series 2010A Bonds”) and its \$10,700,000 City of Burlington, North Carolina Combined Enterprise System Revenue Bonds, Series 2010B (Taxable Build America Bonds) (the “Series 2010B Bonds” and, together with the Series 2010A Bonds, the “Series 2010 Bonds”).

(c) Pursuant to the Trust Agreement and a Second Supplemental Trust Agreement, dated as of October 1, 2011, between the City and the Trustee, the City issued \$18,370,000 Combined Enterprise System Revenue Bonds, Series 2011 (the “Series 2011 Bonds”), \$13,695,000 of which are currently outstanding;

(d) At a meeting held on January 19, 2021, the City Council authorized the filing of an application with the North Carolina Local Government Commission (the “Commission”) requesting approval of the sale and issuance by the City of a Combined Enterprise System Revenue Refunding Bond, Series 2021A and a Combined Enterprise System Revenue Refunding Bond, Series 2021B in the combined aggregate principal amount not to exceed \$27,000,000 for the purpose of providing funds, together with any other available funds, to (i) refund all or a portion of the outstanding Series 2010 Bonds and Series 2011 Bonds and (ii) pay the fees and expenses incurred in connection with the sale and issuance of such bonds. The City, by resolution, also requested the Commission to sell such bonds at private sale without advertisement.

(e) On February 18, 2021, the City issued its Combined Enterprise System Revenue Refunding Bond, Series 2021A (the “Series 2021A Bond”) in the aggregate principal of \$11,871,000 for the purpose of providing funds to (i) refund all of the outstanding Series 2010 Bonds and (ii) pay the fees and expenses incurred in connection with the sale and issuance of the Series 2021A Bond. All of the outstanding Series 2010 Bonds were redeemed on February 19, 2021.

(f) On the date hereof, the Commission has approved the application of the City for the issuance of the Series 2021B Bond (hereinafter defined) in an aggregate principal amount not to exceed \$14,200,000 in accordance with G.S. 159-86.

(g) The City has determined to issue the Series 2021B Bond in the aggregate principal amount not to exceed \$14,200,000 for the purpose of providing funds, together with any other available funds, to (i) refund a portion of the outstanding Series 2011 Bonds and (ii) pay the fees and expenses incurred in connection with the sale and issuance of the Series 2021B Bond.

(h) The City proposes to sell the Series 2021B Bond to TD Bank, N.A. (the “Purchaser”) pursuant to the provisions of a Bond Purchase Agreement (hereinafter defined), at such price determined by the Commission, subject to the approval thereof by the City.

(i) Pursuant to the terms and conditions set forth in the Fourth Supplemental Trust Agreement and the Forward Purchase Agreement (both as hereinafter defined), the City also desires to authorize the sale and issuance to the Purchaser (or any subsequent owner of the Bond) of a tax-exempt revenue refunding bond in the principal amount equal to the outstanding principal amount of the Series 2021B Bond at the time of issuance thereof (the “Tax-Exempt Bond”) for the purpose of refunding and redeeming the Series 2021B Bond.

(j) There have been presented to the City Council at this meeting forms of the following documents relating to the sale and issuance of the Series 2021B Bond:

(1) Fourth Supplemental Trust Agreement, to be dated as of March 1, 2021 (the “Fourth Supplemental Trust Agreement”), between the City and the Trustee, including the form of the Series 2021B Bond set forth in Exhibit A attached thereto;

(2) Bond Purchase Agreement, to be dated as of the date of delivery thereof (the “Bond Purchase Agreement”), among the Commission, the Purchaser and the City;

(3) Escrow Deposit Agreement, to be dated as of March 1, 2021 (the “Escrow Deposit Agreement”), between the City and the Escrow Agent, relating to the refunding of the Refunded Bonds (hereinafter defined); and

(4) Forward Purchase Agreement, to be dated as of March 1, 2021 (the “Forward Purchase Agreement”), among the Commission, the Purchaser and the City, relating to the subsequent sale and issuance of the Tax-Exempt Bond.

(k) The City has determined that the sale and issuance of the Series 2021B Bond (and the subsequent sale and issuance of the Tax-Exempt Bond) in the manner provided in this order is in the best interests of the City.

Section 2. Capitalized words and terms used in this order and not defined herein shall have the same meanings given such words and terms in the Trust Agreement and the Fourth Supplemental Trust Agreement.

Section 3. Pursuant to the provisions of The State and Local Government Revenue Bond Act, as amended (the “Act”), particularly G.S. 159-88, the City hereby authorizes the issuance by the City of its Taxable Combined Enterprise System Revenue Refunding Bond, Series 2021B Bond (the “Series 2021B Bond”) in the aggregate principal amount not to exceed \$14,200,000 for the purposes set forth in Section 1(g) of this order. The Series 2021B Bond shall mature at such time and in such amount as shall be set forth in the Fourth Supplemental Trust Agreement, subject to the provisions of this order.

The Series 2021B Bond shall be initially issued as one fully registered bond in the principal amount not to exceed \$14,200,000 with principal installments being due and payable on each February 1, from February 1, 2022 to February 1, 2037, inclusive, and interest being due and payable on each February 1 and August 1, as the case may be, beginning August 1, 2021, all as set forth in the Fourth Supplemental Trust Agreement.

Section 4. The Series 2021B Bond and the Tax-Exempt Bond, if and when issued, shall be subject to optional redemption at the times, upon the terms and conditions, and at the redemption price as set forth in the Trust Agreement and the Fourth Supplemental Trust Agreement.

Section 5. The proceeds of the Series 2021B Bond shall be applied as provided in Section 204 of the Fourth Supplemental Trust Agreement.

Section 6. The Series 2021B Bond, and the Tax-Exempt Bond, if and when issued, together with any other obligations secured on a parity therewith pursuant to the provisions of the Trust Agreement, shall be secured on a parity basis by a pledge, charge and lien upon the Net Receipts and the money and Investment Obligations held in the accounts and subaccounts of the Bond Fund in the manner and to the extent provided in the Trust Agreement and the Fourth Supplemental Trust Agreement.

Section 7. The proposal set forth in the Bond Purchase Agreement submitted by the Purchaser offering to purchase the Series 2021B Bond bearing interest at the rate of 1.73% per annum (subject to adjustment as provided in the Fourth Supplemental Trust Agreement and the Series 2021B Bond) at a purchase price equal to 100% of the principal amount of the Series 2021B Bond, subject to the approval thereof by the Commission, is hereby approved. The Commission is hereby requested to sell and award the Series 2021B Bond to the Purchaser on behalf of the City, subject to the approval of the City, in accordance with the terms and provisions set forth in the Bond Purchase Agreement. The Mayor, the City Manager and the Director of Finance and Risk Management of the City are each hereby individually designated to approve on behalf of the City the sale of the Series 2021B Bond to the Purchaser at such interest rate, for such purchase price and upon such terms and conditions as the Mayor, the City Manager or the Director of Finance and Risk Management shall determine, subject to the provisions of this order.

The Mayor, the City Manager and the Director of Finance and Risk Management of the City are each hereby individually authorized and directed in the name and on behalf of the City to execute and deliver the Bond Purchase Agreement in substantially the form presented, together with such modifications as the officer executing and delivering the Bond Purchase Agreement, with the advice of counsel, may deem necessary or appropriate, such execution and delivery to be conclusive evidence of the approval and authorization in all respects of the form and content thereof.

Section 8. Pursuant to the terms and conditions set forth in the Forward Purchase Agreement, the City is hereby authorized, but not obligated or required, to issue and sell to the Purchaser (or any subsequent owner of the Bond) the Tax-Exempt Bond in the aggregate principal amount not to exceed the outstanding principal amount of the Series 2021B Bond on the date of issuance of the Tax-Exempt Bond on any date prior to the final maturity date of the Series 2021B Bond. The sale and issuance of the Tax-Exempt Bond shall be subject to the terms and conditions set forth in the Fourth Supplemental Trust Agreement and the Forward Purchase Agreement, provided that the interest rate on the Tax-Exempt Bond shall not exceed 1.41% per annum (subject to adjustment as provided in the Fourth Supplemental Trust Agreement and the Tax-Exempt Bond).

Section 9. The form, terms and provisions of the Fourth Supplemental Trust Agreement, the form of the Series 2021B Bond and the Tax-Exempt Bond included therein, the Escrow Deposit Agreement and the Forward Purchase Agreement are hereby approved, and the Mayor, the City Manager and the Director of Finance and Risk Management are each hereby individually authorized and directed in the name and on behalf of the City to execute and deliver such documents in substantially the forms presented, together with such modifications as the officer executing and delivering such documents, with the advice of counsel, may deem necessary or appropriate, such execution and delivery to be conclusive evidence of the approval and authorization in all respects of the form and content thereof.

Section 10. The City Council hereby directs all of the Series 2011 Bonds maturing on February 1, 2023 to 2031, 2034 and 2037 (collectively, the "Refunded Bonds") be called for optional redemption on February 1, 2022, subject to the refunding of the Refunded Bonds in connection with the issuance of the Series 2021B Bond, as provided in the Escrow Deposit Agreement.

Section 11. The Mayor, the City Manager, the Director of Finance and Risk Management, the City Clerk and the City Attorney, or any of them or their deputies, are each hereby authorized and directed (without limitation except as may be expressly set forth in this order) to take such action and to execute and deliver such certificates, agreements, instruments, opinions or other documents as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by this order, the Trust Agreement, the Fourth Supplemental Trust Agreement and the Bond Purchase Agreement.

Any such actions heretofore taken by such persons to the extent not inconsistent with the provisions of this resolution are hereby ratified, authorized and approved.

The officers of the City and the agents and employees of the City are hereby authorized and directed to do all acts and things required of them by the provisions of this order, the Series 2021B Bond, the Trust Agreement, the Fourth Supplemental Trust Agreement, the Escrow Deposit Agreement, the Forward Purchase Agreement and the Bond Purchase Agreement for the full, punctual and complete performance of the terms, covenants, provisions and agreements of the same.

Section 12. The sale and issuance of the Series 2021B Bond and the Tax-Exempt Bond is hereby authorized and approved subject to the terms and conditions set forth in this order.

Section 13. This order shall take effect immediately upon its adoption; provided, however, that the provisions of Section 10 hereof relating to the calling for redemption of the Refunded Bonds for redemption shall not become effective unless and until the Series 2021B Bond is issued.

Upon motion of Council Member James Butler, seconded by Mayor Pro Tem Kathy Hykes, the foregoing order entitled “ORDER AUTHORIZING THE SALE AND ISSUANCE BY THE CITY OF BURLINGTON, NORTH CAROLINA OF ITS COMBINED ENTERPRISE SYSTEM REVENUE REFUNDING BOND, SERIES 2021B AND A SUBSEQUENT TAX-EXEMPT REFUNDING BOND AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH” was adopted by the following vote: Baltutis, Hykes, Butler, Owen and Ward.

Adopted this 2nd day of March 2021.

PUBLIC HEARINGS

Item 2: Building Reuse Project Mongoose – Resolution

Mayor Baltutis announced a public hearing has been scheduled to consider adopting a Resolution to support of Project Mongoose’s application to the North Carolina Department of Commerce Building Reuse Grant to be utilized in the redevelopment of property located at 423 Lakeside Avenue.

Economic Development Director Peter Bishop introduced the Mongoose LLC/NOA Living proposed project and request to apply to the NC Commerce Building Reuse Grant. He presented the project plans, the companies plan to purchase the former Lakeside Mill Dyeing and Finishing property north of downtown, and proposed investment of \$3.2 million in the facility and creation of 24 new jobs. He introduced the leadership team for NOA Living.

Sam Nehme, CEO, Fida Nehme, Design Principal, Partner, and Eva Sutton, Creative Director, Partner, were all in attendance and presented on the background of the future plans of the company in the City of Burlington.

Mayor Baltutis called for public comments for those in attendance. There were no comments received.

City Attorney David Huffman briefed Council on the Public Hearing procedure pursuant to NCGS § 166A-19.24(e) passed on May 4, 2020. He advised Council to continue the meeting over to a certain date and time to allow Council to receive written comments as required for 24 hours beyond the close of that meeting while still under the state of emergency. He advised Council to continue the remaining public hearings in the same manner.

Upon a motion by Council Member Owen, seconded by Council Member Butler, it was unanimously resolved to continue the Public Hearing to March 4, 2021, at 9:15am pursuant to NCGS 166A-19.24(e).

Item 3: Unified Development Ordinance – Text Amendment No. 4

Mayor Baltutis announced a public hearing has been scheduled to consider approving Text Amendment No. 4 of the Unified Development Ordinance adopted November 1, 2019 and last amended October 20, 2020.

Planning Manager Conrad Olmedo provided background and a brief overview of the presentation plans and introduced consultant Chad Meadows of CodeWright Planners. He stated City staff recommends the proposed changes presented to Council at the February 1, 2021, Work Session and noted the Planning and Zoning Commission unanimously recommended the proposed changes at the January 25, 2021, Planning & Zoning Commission Meeting.

Chad Meadows provided an overview of the following proposed changes to Chapters 3, 4, 5, 8, and 9, of the Unified Development Ordinance.

- Update the Central Business District (CBD) District Dimensional Standards to allow for unlimited density, exempt minimum open space and setback requirements, permit fewer than 3 units in Mixed Use project, and allow for existing buildings on a lot of record to reduce the minimum lot width requirement to existing conditions;
- Correct allowed density, lot area, and lot coverage for Mixed Use in the High Density Residential (HDR) District Dimensional Standards;
- Provide clarifying language that allows residential and non-residential uses to share the same floor and that when doing so, the non-residential use occupies the front façade;
- Revise the Mixed Use and Multi-Family Residential Design Standards to exempt renovation of existing structures in the Central Business District (CBD);
- Change the methodology when calculating density based on allowable units per acre to round upwards rather than downwards when there is a fraction;
- Update of the “Family” definition to strike out a reference to household servants and to update the total number of unrelated persons from 2 to 3;
- Revision of the Mixed Use Development definition and a strike out of the Vertically-Integrated-Mixed-Use Building definition;

- Slightly modify the definition of a Single Lot of Record in a Non-Residential District; and
- Provide a series of technical corrections concerning the in-text hyperlinks.

Mayor Baltutis noted written public comments can be received for consideration at a continued meeting on March 4, 2021, at 9:15am, when Council resumes pursuant to NCGS 166A-19.24(e).

Mayor Baltutis called for public comment. There were no comments received.

PUBLIC COMMENT PERIOD

Alex Alfonso, 1105 Hawthorne Lane, Burlington, spoke in opposition of the presentation received for disc golf and asked for reconsideration of that recommendation.

Reverend Greg Hargraves 717 Canaday Drive, Whitsett, expressed appreciation for the support to the Apple Ridge Development.

Interim City Clerk Beverly Smith reported there were no written public comments received.

CITY COUNCIL COMMENT

Mayor Baltutis announced City Council will continue discussion from the March 1, 2021, Work Session related to Municipal Elections.

City Manager Watkins briefly explained the recent request from Representative Riddell for the City's position on 2021 municipal elections and the draft language for a proposed letter providing a statement on behalf of the City to that point. He stated during this discussion City staff is requesting Council consensus on the statements they would like in a letter should they desire to do so.

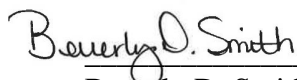
City Council had a lengthy discussion about the NC State Board of Elections suggestions and legislator's discussions and consensus was to draft a letter to formally state the City's position for Council to review and place on the March 4, 2021, continued meeting agenda for consideration. It was agreed that the City does not rely on census data and would like to remain consistent with Alamance County for this temporary situation.

Upon a motion by Mayor Pro Tem Hykes, seconded by Council Member Owen it was unanimously resolved to continue consideration to the March 4, 2021, City Council Meeting.

City staff will continue monitoring conversations on the N.C. General Assembly's decision.

ADJOURN

Upon a motion by Council Member Owen, the meeting was unanimously resolved to adjourn at 9:21pm.



Beverly D. Smith, NCCMC
Interim City Clerk

March 2, 2021
City Council Meeting