



Burlington City Council
Special Meeting
Friday, September 2, 2022
8:30am

Municipal Building Council Chamber

425 S. Lexington Avenue, Burlington, NC

www.BurlingtonNC.gov/councilpackets

Call to Order Mayor Jim Butler

Code of Ethics Disclosing Conflicts of Interest City Clerk, Beverly Smith

Adoption of Agenda

Consent Agenda

- A. To approve Budget Amendment 2023-15 in support of a Resolution adopted on June 17, 2021, for an Economic Development Grant Agreement with Samet Corporation for construction of public infrastructure for a new medical office park development at the southeast corner of Grand Oaks Boulevard and Huffman Mill Road.

Request for Closed Session

City Council will enter closed session pursuant to N.C.G.S. §143-318.11(a)(4) to discuss matters relating to the location or expansion of industries or other businesses, including agreements on tentative economic development incentives.

Adjourn



City Council Meeting Agenda Request

AGENDA ITEM :

BA 2023-15 for the
Economic Development Grant
Reimbursement Agreement

Meeting Date:

September 1, 2022

Department:

Finance/Economic Development

Presenter/Submitted by:

Peggy Reece, Dir. Of Finance & Risk
Mgmt

Summary

The City Council approved on June 17, 2021, a request from Samet Corporation to enter into a Grant Reimbursement Agreement to recover construction costs for public road, water and sewer infrastructure to serve a 22-acre property Samet is developing as a medical office park.

Background

This BA is to facilitate the payments agreed to under the resolution passed by City Council on June 17, 2021

Financial Impact/Projected Cost

\$964,000 estimated cost for the public infrastructure

Funding Source

Increase Revenues:

03017000-39999	Appropriated Fund Balance	\$	964,000
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Increase Expenses:

Water Line Service & Construction:

03080762-47500	Construction in Progress	\$	482,000
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Sewer Line Service & Construction:

03080764-47500	Construction in Progress	\$	482,000
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Recommendation

Approve BA2023-15

Action Requested/Date

Approve BA2023-15 in support of the Grant Reimbursement Agreement at the September 1, 2022 Council meeting.

City Manager Comments/Recommendation:

Approve BA2023-15. |

Suggested Motion(s)

Move to approve BA2023-15 in support of the Resolution approved on June 17, 2021 for a Grant Reimbursement Agreement with Samet Corporation for construction of public infrastructure for a new medical office park development at the southeast corner of Grand Oaks Boulevard and Huffman Mill Road. |

Attachments (Number & List Each Item)

1. Approved Resolution |

RESOLUTION AUTHORIZING A REIMBURSEMENT GRANT IN THE AMOUNT OF \$964,000.00 TO SAMET CORPORATION FOR PUBLIC UTILITIES INCLUDING WATER AND SEWER AND ROADWAY INFRASTRUCTURE IMPROVEMENTS FOR A SITE LOCATED AT THE INTERSECTION OF HUFFMAN MILL ROAD AND GRAND OAKS BLVD.

THAT WHEREAS, pursuant to N.C.G.S. §158-7.1 the City of Burlington (hereinafter "City" or "Burlington") may extend or provide for or assist in the extension of water and sewer lines and roadways to properties and facilities, whether the property or facility is publicly or privately owned; and,

WHEREAS, Samet Corporation (hereinafter "Samet" or, "Company" or "Developer") represents it will invest no less than \$25,000,000.00 to develop the subject property with public infrastructure and construct five (5) office buildings (hereinafter, the "Project");

WHEREAS, with this Project, Samet will construct the water lines, sanitary sewer and roadway(s) on the subject property to City standards and dedicate ownership of the same to the City;

WHEREAS, Samet will repay to the City the entire \$964,000.00 of public investment through the City's ad valorem taxes received from the developed Project. Further, in addition to said repayment of the public investment, Samet shall pay and guarantee payment of five (5) years of the City's ad valorem taxes on the Project's office buildings; and,

WHEREAS, upon completion of the Project, the office buildings in Samet's Project are required to increase the taxable value of the subject property and be assessed by the Alamance County Tax Assessor at a value of no less than \$25,000,000.00;

WHEREAS, each of the proposed office buildings constructed on the subject property will be required to remain owned by for-profit entities in order for the City to receive its designated consideration and so shall remain throughout the term of the Agreement;

WHEREAS, the City's provision of public water and sanitary sewer service enables the feasibility of the Company's Project; and,

WHEREAS, the City Council finds that it is in the best interest of the City to enter into a participatory agreement with Samet Corporation to share the costs of the public water, sanitary sewer and roadway improvements whereby the City shall reimburse Samet in the amount of \$964,000.00 for said public infrastructure. The grant shall be paid by the City after the City confirms that the Developer has completed construction of the designated infrastructure to City standards as well as completing construction of the first of the multiple office buildings in the Project; and,

WHEREAS, the Project's main roadway to be constructed by Samet shall be designed to traverse the subject property in a west to east direction, commencing from Huffman Mill Road and

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abutting into the adjacent property located to the east of Samet's 22.42± acres, all designed to readily facilitate the future development of the adjoining properties situated to the east.

WHEREAS, to secure the City's public investment in the Project, Samet shall also grant the City a second lien deed of trust on the subject real property in the amount of \$964,000.00 which will not be released until the City has been repaid its grant amount and an amount equal to five years of ad valorem taxes from the improved property.

WHEREAS, the City and Samet shall enter into an Economic Development Grant Reimbursement Agreement which reflects the terms of the City's public investment in Samet's Project and setting out the repayment terms and conditions to the City by Samet;

WHEREAS the United States Department of the Treasury's American Rescue Plan Act ("ARPA") of 2021 and the funds available to the City through that program have enabled the City to entertain the Company's request for an incentive for the development of a non-industrial office complex;

WHEREAS, the City's reimbursement grant of \$964,000.00 shall be paid from the City's General Fund and Water Resources Enterprise Fund;

WHEREAS, pursuant to North Carolina law, the City's grant and the projected ad valorem tax stream from said Project are subject to recapture in the event that performance requirements are not achieved by the Developer;

WHEREAS, Samet is not able to project whether the Project will generate new jobs and employment opportunities to the City and its residents as the ultimate occupants of said office buildings, its owners or lessees, are not known to the Developer, thus, is not offering such consideration to the City;

WHEREAS, following proper notice, a public hearing was held by City Council on June 15, 2021 in accordance with N.C.G.S. §158-7.1(c) setting out the particulars of Samet's request and the public benefits to be derived from said improvements;

WHEREAS, to facilitate the development of this Project, Samet's 22.42± acre tract was rezoned by the Burlington City Council at its January 19, 2021 meeting from Light Industrial (LI) District zoning to Office Institutional (OI) District zoning under the City's Unified Development Ordinance.


NOW, THEREFORE, BE IT RESOLVED by the Burlington City Council that:


1. Pursuant to N.C.G.S. §158-7.1 and the City of Burlington's Economic Development Incentives Policy, a reimbursement grant and participatory agreement between the City of Burlington and Samet Corporation in an amount not to exceed \$964,000.00 for construction of water, sanitary sewer and roadway infrastructure to City standards as set out herein is hereby approved, and the Mayor and City Clerk are hereby authorized, on behalf of the City Council, to execute said agreement.

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2. The City's investment in said Project shall be secured by a deed of trust in the Project real property and a guarantee executed by Samet Corporation.
3. The reimbursement grant agreement shall include, as required by North Carolina law, clawback provisions assuring Samet Corporation's repayment of the grant reimbursement amount and five years of City ad valorem taxes on the Project's buildings assessed at the minimum value of \$25,000,000.00, said value to be in place within five (5) years of the City's grant payment to the Company.

Adopted this 17th day of June 2021.


Attest
Interim City Clerk, Beverly Smith


Ian Baltutis, Mayor

