



**AGENDA**  
**REIDSVILLE CITY COUNCIL**  
**MEETING**  
**6:00 PM**  
**Tuesday, October 13, 2020**

*(The October 13, 2020 meeting of the Reidsville City Council will be held in the City's RCARE/Senior Center, 201 North Washington Avenue, with Mayor Jay Donecker presiding in person and a majority of Council members attending via Zoom. The public is invited to attend the meeting, which will be livestreamed via the City of Reidsville's YouTube Channel.)*

1. Call to Order.
2. Invocation by Councilman William Hairston, Pastor of Shiloh Baptist Church, 111 Regent Trail, Reidsville.
3. Pledge of Allegiance.
4. Proclamations & Recognitions:
  - (A) Recognition of 30-Year Public Works Employee Rex Brown, who retired June 1, 2020.
5. Approval of Consent Agenda.
  - (A) Approval of September 8, 2020 Regular Meeting Minutes and the September 23, 2020 and September 28, 2020 Special Meeting Minutes.
  - (B) Approval of Budget Ordinance Amendment No. 3, which recognizes a Reidsville Area Foundation Grant and appropriates funds for the Mask Up Reidsville Campaign.
6. Public Hearings:
  - (A) Consideration of the conveyance of real property at 203 Gilmer Street (Parcel #154869) owned by the City of Reidsville to Brown Entertainment, LLC. (Enclosure #1) - *Jeff Garstka, Economic Development Director, and William F. McLeod Jr., City Attorney*
7. Presentations:
  - (A) Update on 9/11 Memorial. (Enclosure #2) - *Chris Phillips, Assistant City Manager of Administration/Finance Director, Robert Hassell, Police Chief, and Jay Harris, Fire Marshal.*
  - (B) Update on Patriot's Park. (Enclosure #3) - *Chris Phillips, Assistant City Manager of Administration/Finance Director, and Jeff Garstka, Economic Development Director.*
  - (C) Update on Lucky City Brewery Project. (Enclosure #4) - *Eric Smith, LCB President, Jeff*

8. Resolutions:
  - (A) Consideration of Resolution in Support of Closing the Health Insurance Gap. (Enclosure #5)  
- *Submitted by Mayor Jay Donecker*
9. Public Comments.
10. City Manager's Report.
  - (A) Month of October. (Enclosure #6)
11. Boards & Commissions Appointments (*Pending In-Person Quorum and/or City Attorney Opinion*):
  - (A) October Appointments. (Enclosure #7)
12. Council Members' Reports.
13. Announcement of Board & Commission Appointments.
14. Miscellaneous:
  - (A) For Information Only.
15. Closed session to discuss a legal matter and economic development pursuant to NCGS 143-318.11(a)(3) & (4).
16. Adjourn.

**MINUTES OF THE REGULAR MEETING  
OF THE REIDSVILLE CITY COUNCIL  
HELD TUESDAY, SEPTEMBER 8, 2020 AT 6:00 PM  
RCARE, 201 N. WASHINGTON AVENUE**

*The meeting, which was live streamed on twitch.tv/rockinghamupdatemobile, was held in the RCARE gymnasium to allow the entire Council and the public to be present per social distancing and room capacity guidelines.*

**CITY COUNCIL MEMBERS PRESENT:** Mayor John M. "Jay" Donecker (via phone)  
Mayor Pro Tem Harry L. Brown  
Councilman James K. Festerman  
Councilman Donald L. Gorham  
Councilman William Hairston  
Councilmember Terresia Scoble (via phone)  
Councilwoman Sherri G. Walker

**CITY COUNCIL MEMBERS ABSENT:** NONE

**CITY STAFF PRESENT:** Preston W. Mitchell, City Manager  
Angela G. Stadler, City Clerk  
William F. McLeod, City Attorney  
Chris Phillips, Assistant City Manager of Administration  
Haywood Cloud, Assistant City Manager of Community Services  
Chuck Smith, Public Works Director  
Jeff Garstka, Economic Development Director  
David Bracken, Fire Chief  
Robert Hassell, Police Chief  
Judy Yarbrough, City Marketer

**CALL TO ORDER.**

Mayor Pro Tem Brown called the meeting to order.

**INVOCATION BY COUNCILMAN WILLIAM HAIRSTON, PASTOR OF SHILOH BAPTIST CHURCH, 111 REGENT TRAIL, REIDSVILLE.**

Councilman Hairston provided the invocation.

**PLEDGE OF ALLEGIANCE.**

Mayor Pro Tem Brown and Council members led in the Pledge of Allegiance.

## **RECOGNITIONS.**

### **Recognition of Team Reidsville Cup Competition.**

Assistant City Manager of Administration/Finance Director Chris Phillips recognized the winners of the Team Reidsville Cup Competition. He noted the battle for the cup was born out of the City's Wellness Plan for educational, recreational and City-wide team building. Several employees remarked about the sense of comradery and the ability to interact across department lines. While there were events planned for the whole fiscal year, culminating with a year-end field day, the battle was cut short due to COVID 19. The 14 events were horseshoes, corn hole, volleyball, a home run derby, disc golf, fishing, bocce, shuffleboard, ping pong, pool, rook, UNO, checkers and basketball.

He reported that the Public Works team started out of the gates really strong behind the leadership of Team Captain Dean Isley but faltered as the competition went on, finishing with three first-place wins but seven last place finishes – an average score of 2.14 and a total score of 30. The “Rest of Us” “Best of Us” “Leftovers” Team from City Hall/Parks & Rec had three wins and five second-place finishes, four of which were in the four events. The team was coming on strong behind the leadership of co-coaches Donna Setliff and Rochelle Tucker but finished with an average score of 2.43 and a total of 34 points. The Police Department had four wins and came in third in seven competitions. They only had one last place finish under the helm of coaches, Major Ellison and Sergeant Carter, finishing in second place with an average score of 2.64 and a total of 37 points. The Fire Department had the most consistency of the four teams with four wins, four second-place finishes, five third-place finishes and no last place finishes. Even though they could not fill a spot in disc golf and received no points for that event, they were able to squeak out the win by one point at a total of 38 and an average score of 2.71.

Assistant City Manager Phillips congratulated Coaches Jeff Carter, Captains Josh Farmer and Jeff Walker, Chief David Bracken and all of the Reidsville Fire Department on securing the inaugural Team Reidsville Cup.

### **Recognition of Police Officer Stephen Turman.**

Police Chief Robert Hassell came forward and expressed his pleasure at the opportunity to brag on one of his officers, Matt Turman. He said Officer Turman has been with the Reidsville Police Department over three years and is an outstanding officer and example to the force and the community. Chief Hassell continued that on August 27<sup>th</sup> Officer Turman was dispatched to a call in which a young man's bicycle had been stolen. After checking at a suspected location, the bike was not recovered and the little boy was heartbroken. Officer Turman made the decision to go and purchase a new bike for the little boy. When he arrived at the house, the little boy's mother thought Officer Turman was there for another issue but was thrilled when she found out how generous and thoughtful Officer Turman was. Brayden was so excited and so was Officer Turman who told him to “ride it until the wheels fall off”. Chief Hassell said Officer Matt Turman exemplifies the best of all of us and is following the Reidsville Police Department's motto, *“Making a Difference”*.

Councilman Festerman said he had tears in his eyes and that Officer Turman is a role model. Councilman Hairston thanked Officer Turman and said that Brayden may be little right now but that he will never forget Officer Turman and that he is glad to be a part of the Reidsville Police Department.

Councilwoman Walker said she has tears in her eyes also and that not only will Brayden remember Officer Turman and his kindness but that his whole family will remember it. She added that with all that is going on the world, she needed this act of kindness. Councilman Gorham thanked Officer Turman for being a role model and agreed that this young man will remember him much longer than his career on the Reidsville Police force.



## **APPROVAL OF CONSENT AGENDA.**

**Councilman Gorham made the motion, seconded by Councilman Hairston and unanimously approved by Council in a 7-0 vote, to approve the Consent Agenda.**

### **5.A Approval of the August 11, 2020 Regular Meeting Minutes.**

With the approval of the Consent Agenda in a 7-0 vote, the Council approved the August 11, 2020 Regular Meeting Minutes.

### **5.B Approval of Fair Housing Complaint Procedure.**

With the approval of the Consent Agenda in a 7-0 vote, the Council approved the Fair Housing Complaint Procedure as outlined in Amanda Whitaker of WithersRavenel's memo dated August 28, 2020 which follows:

#### MEMO

Date: 8/28/2020  
To: Preston Mitchell  
From: Amanda Whitaker  
RE: Adoption of Fair Housing Compliant Procedure

The City was recently awarded a Community Development Block Grant (CDBG)-Infrastructure project from the NC Department of Environmental Quality, Division of Water Infrastructure to make needed improvements on aged sewer lines. As part of the compliance requirements the City is required to participate in fair housing activities on a quarterly basis. While we are developing the new fair housing plan for this program the City will need to adopt the attached Fair Housing Complaint Procedure and publish it in the local newspaper once prior to September 30<sup>th</sup> 2020. (END OF MEMO)

The following Fair Housing Complaint Procedure was approved:

#### **Fair Housing Complaint Procedure**

---

#### ***City of Reidsville***

Housing discrimination is prohibited by Title VIII of the Civil Rights Act of 1968 (Fair Housing Act) and the North Carolina Fair Housing Act. In an effort to promote fair housing and that the rights of housing discrimination victims are protected, ***City of Reidsville*** has adopted the following procedures for receiving housing discrimination complaints:

1. Any person or persons wishing to file a complaint of housing discrimination in the ***City of Reidsville*** may do so by informing the ***City Clerk*** of the facts and circumstance of the alleged discriminatory acts or practice.
2. Upon receiving a housing discrimination complaint, the ***City Clerk*** shall acknowledge the complaint within 15 days in writing and inform the Division of Water Infrastructure and the North Carolina Human Relations Commission about the complaint.
3. The ***City of Reidsville*** shall offer assistance to the Commission in the investigation and reconciliation of all housing discrimination complaints which are based on events occurring in the ***City of Reidsville***.
4. The ***City Clerk*** shall **publicize** in the local newspaper, with the TDD#, who is the local agency to contact with housing discrimination complaints.

It is the policy of the to implement the CDBG program to ensure equal opportunity in housing for all persons regardless of religion, race, color, national origin, age, sex, familial status, or handicap (disability).

If you have any questions about the complaint procedure or would like to register a complaint of fair housing discrimination please contact the **City of Reidsville, City Clerk, 336-349-1030, 230 W. Morehead Street, Reidsville NC 27320, [astadler@ci.reidsville.nc.us](mailto:astadler@ci.reidsville.nc.us)** or, for the hearing impaired, TDD assistance is available at **(TDD #711)** and providing the facts and circumstances of alleged discriminatory act or practice.

This information is available in Spanish or any other language upon request. Please contact Angela Stadler at 336-349-1030 or at 230 W. Morehead Street, Reidsville NC 27320 for accommodations for this request.

Esta información está disponible en español o en cualquier otro idioma bajo petición. Por favor, póngase en contacto con Angela Stadler al 336-349-1030 o en 230 W. Morehead Street, Reidsville NC 27320 de alojamiento para esta solicitud.



Adopted this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
(Chief Elected Official)

ATTEST: \_\_\_\_\_ (Clerk)

**First page must be published on the Newspaper after the Complaint Procedure is adopted. Please keep the Adopted document in the files including signatures and the Newspaper Publication for documentation**

#### ***Discrimination Complaints***

- Visit the **NC Human Relations Commission** to file a discrimination complaint
- Visit **HUD's website** to file a discrimination complaint
- Visit the **US Department of Justice Civil Rights Division** to file a discrimination complaint
- The **NC Fair Housing Project of Legal Aid of North Carolina** is funded by a HUD [Fair Housing Initiatives Program \(FHIP\) grant](#). The [Fair Housing Project of NC](#) is available to provide information concerning a person's rights under the Federal Fair Housing Act. When necessary, staff can also assist victims of housing discrimination in filing a complaint with HUD or other appropriate administrative or judicial bodies. For more information, or if you believe you have been a victim of housing discrimination, call the FHP's toll-free number: **1-855-797-FAIR (1-855-797-3247)**.



#### **5.C Approval of a Resolution to Adopt Updated Compliance Plans for CDBG-Infrastructure Projects.**

With the approval of the Consent Agenda in a 7-0 vote, the Council approved the attached Resolution to Adopt Updated Compliance Plans for CDBG-Infrastructure Projects as outlined in Amanda Whitaker of WithersRavenel's memo dated August 28, 2020 as follows:



## MEMO

Date: 8/28/2020  
To: Preston Mitchell  
From: Amanda Whitaker  
RE: Adoption of CDBG-I Compliance Plans

The City was recently awarded a Community Development Block Grant (CDBG)-Infrastructure project from the NC Department of Environmental Quality, Division of Water Infrastructure to make needed improvements on aged sewer lines. As part of the CDBG program reach grantee is required to adopt and implement the below mentioned compliance plans. These plans have been adopted by the City in the past but due to recent updates from the NC Department of Environmental Quality they will need to be adopted again.

Plans for consideration are:

1. Equal Opportunity Plan
2. Procurement Plan
3. Language Access Plan
4. Local Jobs Initiative Section 3 Plan
5. Citizen Participation Plan
6. Residential Anti-Displacement and Relocation Assistance Plan
7. Section 504 Grievance Procedure
8. Policy Prohibiting Excessive Use of Force
9. Conflict of Interest Policy

Withers Ravenel will assist the City with compliance and implementation of these plans and polices. (End of Memo)

The Resolution as approved follows (INCORPORATED INTO THE MINUTES ARE THE ACCOMPANYING UPDATED COMPLIANCE PLANS):

### **RESOLUTION BY THE CITY OF REIDSVILLE TO ADOPT CDBG PLANS**

WHEREAS, Title I of the Federal Housing and Community Development Act of 1974, as amended, has established the U.S. Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Program, and has authorized the making of grants to aid eligible units of government in funding the cost of construction, replacement, or rehabilitation of water and wastewater infrastructure, and that the North Carolina Department of Environmental Quality (NCDEQ) Division of Water Infrastructure (DWI) was delegated the authority by the state legislature to administer the water and wastewater infrastructure portion of the state grant monies received from the U.S. HUD CDBG program by Session Law 2013-360, Section 15.15(a) as amended by Section 5.3 of Session Law 2013-363, and

WHEREAS, The City of Reidsville has requested and may intend to request in the future state grant assistance for a project,

WHEREAS, HUD's State CDBG program has many federal performance and procurement requirements,

WHEREAS, The City will implement these plans broadly and not specific to any single CDBG grant,

### **NOW THEREFORE BE IT RESOLVED, BY THE BOARD OF THE CITY OF REIDSVILLE:**

That the City of Reidsville adopts and places into effect the following compliance plans:

- Equal Opportunity Plan
- Procurement Plan
- Language Access Plan
- Local Jobs Initiative Section 3 Plan
- Citizen Participation Plan
- Residential Anti-Displacement and Relocation Assistance Plan
- Section 504 Grievance Procedure
- Policy Prohibiting Excessive Use of Force
- Conflict of Interest Policy

Adopted this the \_\_\_\_\_ day of September, 2020 in Reidsville, North Carolina.

/s/ \_\_\_\_\_  
(Signature of Mayor)

\_\_\_\_\_  
(Title)

Attest:

/s/ \_\_\_\_\_  
Signature & Title

**- End of Consent Agenda -**

#### **PUBLIC HEARINGS:**

#### **6.A Consideration of Application for Approval of Installment Purchase or Lease Contracts and accompanying Resolution for the Lake Reidsville Campground Sewer Project.**

Assistant City Manager of Administration/Finance Director Chris Phillips reviewed his memo dated August 31, 2020, noting that this project has been discussed for a long time, getting the campground at Lake Reidsville connected to the City's sanitary sewer system. He noted the \$970,000 proposed budget and discussed details found in the Findings of Fact included in the accompanying Resolution. He noted that the current system is aged, and the construction can be completed by Memorial Day, 2021. Camping fees were raised to help offset the cost, he continued, adding that it was felt that an installment purchase was preferable to issuing bonds. The City's debt management is good, he said, and there are no plans to raise taxes because of this project. He noted that the City Attorney would be crafting a letter to go with the application.

Phillips' memo follows:

#### **MEMORANDUM – LAKE REIDSVILLE SEWER PROJECT PUBLIC HEARING AND RESOLUTION RELATED TO LGC APPLICATION**

**To: Preston Mitchell, City Manager**  
**From: Chris Phillips, Asst. City Manager/Finance Director**  
**Date: August 31, 2020**

The financing of The Lake Reidsville Sewer Improvement Project will have to be approved by the Local Government Commission (LGC). The City has submitted an application contingent on City Council approval. The LGC will consider the application at their October meeting. A public hearing is required and the attached resolution will need to be adopted related to submitting the application to the LGC.



The project budget is \$970,000. The financing recommendation from staff will be for a 20-year period at a fixed interest rate of 2.92%. A project ordinance amendment, a construction contract and a bank financing proposal will all be presented to the City Council during the September 8, 2020 Council meeting related to this project.

Attached is the resolution that the City Council will be asked to consider. (End of Memo)

Phillips noted that the project will be discussed in greater detail following this public hearing.

Mayor Pro Tem Brown opened the public hearing at 6:18 p.m. With no one coming forward, the public hearing was closed at 6:19 p.m.

The Mayor Pro Tem asked for a motion from Council.

**Councilman Hairston then made the motion, seconded by Councilwoman Walker and unanimously by Council in a 7-0 vote, to approve the Resolution filing the application.**

The Resolution as approved follows:

## **RESOLUTION**

### **RESOLUTION AUTHORIZING THE FILING OF AN APPLICATION FOR APPROVAL OF A FINANCING AGREEMENT AUTHORIZED BY NORTH CAROLINA GENERAL STATUTE 160A-20**

**WHEREAS**, the City of Reidsville, North Carolina desires to improve the sewer system of Lake Reidsville by connecting to the City's sanitary sewer system (the "Project") to better serve the citizens of Reidsville; and

**WHEREAS**, the City of Reidsville desires to finance the Project by the use of an installment contract authorized under North Carolina General Statute 160A, Article 3, Section 20; and

**WHEREAS**, findings of fact by this governing body must be presented to enable the North Carolina Local Government Commission to make its findings of fact set forth in North Carolina General Statute 159, Article 8, Section 151 prior to approval of the proposed contract;

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of Reidsville, North Carolina, meeting in regular session on the 8<sup>th</sup> day of September, 2020, makes the following findings of fact:

1. The proposed contract is necessary or expedient because the current system is aged and the project can be completed over the winter of 2020-2021 with a completion date prior to Memorial Day 2021. The camping fees at the lake campground were increased in anticipation of this project. The revenue generated from the increased rates will be dedicated to the debt service of the Project.

2. The proposed contract is preferable to a bond issue for the same purpose because the amount being borrowed is low enough that related cost will be much less than the cost to issue bonds. While the amount of the project is under a threshold to make the financing cost affordable, the project is large enough that it does require a debt issuance; it is too large for a one-time budget appropriation or the use of current unappropriated fund balance. The Project will be constructed in a manner that it will far exceed the time period of the financing agreement.

3. The cost of financing under the proposed contract is less than the cost of issuing general obligation bonds.

4. The sums to fall due under the contract are adequate and not excessive for the proposed purpose because of the term of the contract and the interest rate provided; in addition, a revenue stream dedicated for the payment of the debt has been created through increased camping rates.

5. The City of Reidsville's debt management procedures and policies are good because debt has been issued and maintained in compliance with all applicable rules and guidance of the Local Government Commission.

6. There are no increases in taxes planned to meet the debt service of the Project because a dedicated revenue stream has been established. If a tax increase was necessary to meet the sums to fall due under the proposed contract, it would be .5 cents (one half a cent) per \$100 valuation, which would not be deemed to be excessive.

7. The City of Reidsville is not in default in any of its debt service obligations.

8. The attorney for the City of Reidsville has rendered an opinion that the proposed Project is authorized by law and is a purpose for which public funds may be expended pursuant to the Constitution and laws of North Carolina.

**NOW, THEREFORE, BE IT FURTHER RESOLVED** that the Mayor, City Manager, and/or the Finance Officer is hereby authorized to act on behalf of the City of Reidsville in filing an application with the North Carolina Local Government Commission for approval of the Project and the proposed financing contract and other actions not inconsistent with this resolution.

This resolution is effective upon its adoption this 8th day of September, 2020.

The motion to adopt this resolution was made by Councilmember William Hairston,

seconded by Councilwoman Walker and passed by a vote of 7 to 0.

/s/ \_\_\_\_\_  
John M. "Jay" Donecker  
Mayor

ATTEST:

/s/ \_\_\_\_\_  
Angela G. Stadler, CMC/NCCMC  
City Clerk

**- End of Public Hearings -**

**AWARDING OF CONTRACTS:**

**7.A Consideration of Lake Reidsville Campground Sewer Project:**

**1. Consideration of Construction Contract.**

**2. Consideration of Debt Financing.**

**3. Consideration of Capital Project Ordinance Amendment.**

Mayor Pro Tem Brown noted that there would need to be three separate motions on the items listed in this project.

**1. Consideration of Construction Contract.**

Assistant City Manager of Community Services Haywood Cloud Jr., noting he would not rehash the same points that had already been presented, did say that staff was very excited about this project, especially in conjunction with a lot of the good things that are happening out at Lake Reidsville. All of these help to provide a better quality of life for our citizens and more amenities, he stated.

Cloud then referenced the memo from Stocks Engineering dated August 28, 2020, detailing the bid process for the Lake Reidsville Sewer Project. (A COPY OF THE STOCKS ENGINEERING MEMO AND BID SHEETS ARE HEREIN INCORPORATED AND MADE A PART OF THESE MINUTES.) Stocks conducted the bid openings, which were solicited through the normal sealed bid process, he explained. After examining the eight bid documents and finding them all to be acceptable, Stocks Engineering is recommending that the City enter into a contract with the lowest bidder, Citty's Plumbing and Pools, Inc. in the amount of \$798,717. He noted staff was in agreement.

Councilman Festerman noted that he liked that this is a local company. Councilman Gorham stated that Citty's had done good work for him in the past.

**Councilman Gorham made a motion, seconded by Councilman Hairston and unanimously approved by Council in a 7-0 vote, to approve the construction contract with Citty's Plumbing.**

## **2. Consideration of Debt Financing.**

In making the staff report on the debt financing for this project, Assistant City Manager of Administration/Finance Director Chris Phillips reviewed his memo dated August 31, 2020, which follows:



THE CITY OF  
**Reidsville**  
NORTH CAROLINA

### **MEMORANDUM – LAKE REIDSVILLE SEWER PROJECT FINANCING**

**To: Preston Mitchell, City Manager**  
**From: Chris Phillips, Asst. City Manager/Finance Director**  
**Date: August 31, 2020**

The Lake Reidsville Sewer Capital Project has progressed over the last few weeks to the point where staff are prepared to recommend a construction contractor and to recommend financing. A request for proposals (RFP) for the installment financing was released on August 7, 2020. This RFP was sent to all banks in the Local Government Commission (LGC) list of recent debt providers. The proposals were submitted to the City Clerk to be opened at 9:00 on August 25<sup>th</sup>.

The City received proposals from three banks: BB&T, HomeTrust, and First National Bank. The City asked for a 20-year term or the longest term the bank would be willing to offer; BB&T offered the 20-year term, Home trust offered a 20-year and a 15-year term; First National Bank offered a 20-year term. BB&T was the only bank that offered fixed rated for the full 20-year term at 2.92%. HomeTrust offered a fixed rate for the first ten years and then an adjusted rate based on the current Treasury 10-year tbill for the second ten years. The 15-year rate proposed by Home Trust was 3.09%. First National Bank proposed a fixed rate of 1.99% for the first seven years of the 20-year period with future years negotiated. Both BB&T and HomeTrust agreed to accept the pump station and forcemain being installed as collateral on the loan. First National Bank wanted to negotiate real estate as collateral in lieu of the items being installed. The BB&T proposal is good for an amount up to \$999,000; the Hometrust proposal topped out at \$990,000; and the First National Bank proposal was up to \$800,000.



The final amount expected to be borrowed is \$970,000. The Staff recommendation is to award this financing to BB&T for a term of 20-years at a rate of 2.92%. A fixed payment amortization schedule is attached with these parameters. The annual payment will be \$64,717.95, an amount akin to the revenue stream created by a recent increase in camping fees that will be dedicated to this debt service. (End of memo)

Year	Payment	Principal	Interest	Balance
1	\$ 64,717.95	\$ 36,393.95	\$ 28,324.00	\$ 933,606.05
2	\$ 64,717.95	\$ 37,456.65	\$ 27,261.30	\$ 896,149.40
3	\$ 64,717.95	\$ 38,550.39	\$ 26,167.56	\$ 857,599.01
4	\$ 64,717.95	\$ 39,676.06	\$ 25,041.89	\$ 817,922.95
5	\$ 64,717.95	\$ 40,834.60	\$ 23,883.35	\$ 777,088.35
6	\$ 64,717.95	\$ 42,026.97	\$ 22,690.98	\$ 735,061.38
7	\$ 64,717.95	\$ 43,254.16	\$ 21,463.79	\$ 691,807.22
8	\$ 64,717.95	\$ 44,517.18	\$ 20,200.77	\$ 647,290.04
9	\$ 64,717.95	\$ 45,817.08	\$ 18,900.87	\$ 601,472.96
10	\$ 64,717.95	\$ 47,154.94	\$ 17,563.01	\$ 554,318.02
11	\$ 64,717.95	\$ 48,531.86	\$ 16,186.09	\$ 505,786.16
12	\$ 64,717.95	\$ 49,948.99	\$ 14,768.96	\$ 455,837.17
13	\$ 64,717.95	\$ 51,407.50	\$ 13,310.45	\$ 404,429.67
14	\$ 64,717.95	\$ 52,908.60	\$ 11,809.35	\$ 351,521.07
15	\$ 64,717.95	\$ 54,453.53	\$ 10,264.42	\$ 297,067.54
16	\$ 64,717.95	\$ 56,043.58	\$ 8,674.37	\$ 241,023.96
17	\$ 64,717.95	\$ 57,680.05	\$ 7,037.90	\$ 183,343.91
18	\$ 64,717.95	\$ 59,364.31	\$ 5,353.64	\$ 123,979.60
19	\$ 64,717.95	\$ 61,097.75	\$ 3,620.20	\$ 62,881.85
20	\$ 64,718.00	\$ 62,881.85	\$ 1,836.15	\$ -
Total	\$ 1,294,359.05	\$ 970,000.00	\$ 324,359.05	

In reviewing his memo, Phillips noted that the Request For Proposals was sent to 30 financial institutions with the three responding being local banks. He reminded Council members that the City had originally hoped to use USDA monies but the City was in too good a financial shape to get the financing through USDA. He reviewed the rates offered by the three banks, noting that the BB&T proposal, although not the lowest, was the only bank to offer a fixed rate for 20 years.

Phillips said staff was recommending Council award the financing contract to BB&T and to approve the Resolution Approving Financing Terms with the loan not to exceed \$999,000.

**Councilman Gorham made the motion, seconded by Councilman Hairston and unanimously approved by Council in a 7-0 vote, to approve the contract and Resolution. (A COPY OF THE RESOLUTION IS HEREIN INCORPORATED AND MADE A PART OF THESE MINUTES.)**

### **3. Consideration of Capital Project Ordinance Amendment.**

Assistant City Manager Phillips then referenced the Capital Project Ordinance Amendment in Council members' agenda packets. He noted the original Capital Project Ordinance authorized in December of 2019 was for \$760,000. Two years later those numbers were increased to a total of \$970,000, which



includes an additional \$210,000 for Proceeds of Note Payable. He listed those additional costs as \$31,200 for Engineering, \$20,800 for Professional Services, including additional fees, and \$178,817 for Construction. However, the Contingency line item was decreased by \$20,817.

**Councilman Hairston then made the motion, seconded by Councilwoman Walker and unanimously approved by Council in a 7-0 vote, to approve the Capital Project Ordinance Amendment.**

The Capital Project Ordinance Amendment as approved follows:

## **CAPITAL PROJECT ORDINANCE AMENDMENT**

### **LAKE REIDSVILLE SEWER IMPROVEMENTS**

**WHEREAS**, North Carolina General Statute 159-13.2 authorizes the establishment of a Capital Project Fund to account for expenses and revenues that are likely to extend beyond a single fiscal year; and

**WHEREAS**, it is the desire of the Mayor and the City Council of the City of Reidsville to amend a capital project fund for Lake Reidsville sewer improvements that was authorized on December 10, 2019;

**NOW, THEREFORE, BE IT ORDAINED** by the Mayor and the City Council of the City of Reidsville that:

Section 1 That the following revenue account for this project is hereby increased:

17-3910-0000	Proceeds of Note Payable	\$	210,000
--------------	--------------------------	----	---------

Section 2. The following line items of expenditures are hereby increased:

17-6130-1990	Engineering	\$	31,200
17-6130-1991	Professional Services	\$	20,800
17-6130-5800	Construction	\$	178,817

Section 3. The following line item of expenditures is hereby **decreased**:

17-6130-9911	Contingency	\$	(20,817)
--------------	-------------	----	----------

Section 3. The City Manager, the Assistant City Manager of Community Services and Finance Director are hereby granted all necessary authority to carry out this project, including the approval of payment requests as earned under approved contracts, and to approve change orders not exceeding \$25,000. The Finance Director is authorized to make temporary loans to this grant project from the General Fund in order to cover costs before receipt of revenues and to establish an acceptable cash flow.

This the 8th day of September, 2020.

/s/ \_\_\_\_\_  
John M. "Jay" Donecker  
Mayor

ATTEST:

/s/

Angela G. Stadler, CMC/NCCMC  
City Clerk

**7.B. Consideration Of Awarding Contract To Design Firm For Depot District Redevelopment Plan.**

In making the staff report, Economic Development Director Jeff Garstka noted that staff had been talking about mixed use redevelopment on the historic side of town across the railroad tracks that staff has been coined the "Depot District". That area includes the old National Guard Armory and the former Adams Electric Building, which the City has been working with a developer to do apartments as well as a linear area that stretches down to the old Lawsonville Avenue School, he stated. Staff wanted to develop something that will mirror the downtown area yet be eclectic, artsy, entertainment mixed use area but that would fit with the fabric of our core downtown, he continued. He said we want something creative and marketable that might become a destination for our City. In looking at this redevelopment, staff over the past several years has been looking at what type of uses we would want to allow, permitting, parking, buffers, etc. He said staff realized they were probably at a stopping point where they needed someone to help them with the rest of the process. Council had allocated \$35,000 to do a study, he reminded them, so staff issued a Request for Qualifications (RFQ), which was put in the newspaper, linked on the City websites and published on the State's Interactive Purchasing System. He noted that initial interest was received from as far away as Vancouver, Canada. He reviewed what firms were asked to provide, including their qualifications, their project approach, their team's experience, etc. on creating a mixed use redevelopment plan. This firm was to inventory what we have and show how this area would be developed, both from a physical standpoint and an aesthetics standpoint, that could be marketed to developers, he said. Firms were to submit their qualifications by the June 19<sup>th</sup> deadline. Staff had 13 good proposals to go through. A committee of the City Manager, Garstka, Assistant City Manager Cloud and Community Development Manager Donna Setliff reviewed the firms, all of which were very qualified and narrowed it down to the top five, Garstka stated.

Following Zoom interviews, the committee selected the Design Workshop, which is based in Colorado but has offices in Raleigh and Asheville, the Economic Development Director said. They visited with the principal official from the Asheville office who will be working with the City. He came to Reidsville last Friday, and City staff talked about our vision with him. The process will include the firm reviewing our inventory and will include pedestrian connectivity and community engagement, which will be a very large component of the project. While there are not a lot of residents living in the immediate adjacent area, he stressed, we want to communicate our vision with them and assure them it will not adversely impact their quality of life, he noted. Garstka added that single-family residences were not included in the district itself because potentially the Municipal District Service tax might be included down the road.

Tonight Garstka said staff wants approval to enter into a contract with Design Works for \$35,000, which the company has agreed to do the plan for this fee. A standard contract will be sent by the company and reviewed by the City Attorney, he stated. He said we are excited to kick this project off.

City Manager Mitchell reminded Council that staff had brought this to them since this was an RFQ process. Councilman Festerman asked if the company has done any projects in North Carolina with which they would be familiar? Garstka said the company has done several in NC, including a big redevelopment plan in downtown Wilkesboro, which was done long after he (Garstka) had left the area. Garstka had been economic development director in that county from 2010-2014 but he noted this project occurred after he left. He said he received positive feedback from Wilkesboro about the team and

its creativity as well as how the corporate culture had meshed well with the Wilkesboro culture. He said he thinks it will mesh well with Reidsville's progressive and creative culture as well.

Councilman Festerman asked Garstka if he told the company he had \$35,000 to spend? Garstka said they did not. He added that staff felt it was a level playing field for everyone and that they based their decision on the firm's experience, qualifications, etc. before discussing the fee. The Councilman added that \$35,000 seems to be a small amount for this project. Manager Mitchell likened this to Phase 1 of a super streetscape plan. He said we also plan to do a voluntary formed based study, which will be Phase 2, and then we may study the economics of redevelopment of these individual properties, which would be considered Phase 3. As discussed at Council Retreat, this is a two-phase project, he said. He briefly noted that a Phase 3 could include bringing in development partners, etc., but this is a Phase 1 approach.

Garstka said we were asking for a fairly robust level of qualifications and had follow-up calls with the five firms interviewed to discuss the budget. All five said the City was asking for a Cadillac plan on a Volkswagen budget. Each said they would have to adjust the scope of work accordingly and pick out the top priority items you need from this study, he continued, with the other stuff put on the shelf for Phase 2 or Phase 3. However, Garstka said we still believe we will get a real quality project without compromising the integrity of what we want to accomplish.

**Councilman Hairston made the motion, seconded by Councilwoman Walker and unanimously approved by Council in a 7-0 vote, to approve a verbal contract with Design Works.**

#### **UPDATES:**

##### **8.A. Consideration Of Amendment To Lease Agreement With Old North State League.**

In presenting the amended lease agreement, City Attorney Bill McLeod Jr. noted that Council had already approved and signed a 20-year lease agreement with the Old North State League. However, there was one item that was not included in the previously approved lease. He read aloud the amendment: "The Lessor (that being the City, he noted) agrees that it will not lease to another baseball team in competition with the Lessee in the City of Reidsville during the sixty (60) day window of the lease for the Term." He asked that Council vote to incorporate the new language in the lease which had already been approved.

Assistant City Manager of Community Services Haywood Cloud Jr. said this was just another part of the long discussion about this exciting economic development opportunity, and the League wanted to make sure that no one takes that from them. He said the League recognizes that this is a great city and they want to partner with us. He expressed his excitement, adding that the improvements should start in late October or early November.

**Councilman Festerman then made the motion, seconded by Councilman Gorham and unanimously approved by Council in a 7-0 vote, to approve the amendment to the Old North State Lease. (A COPY OF THE AMENDED LEASE AGREEMENT HAS BEEN INCORPORATED INTO THE AGREEMENT.)**

##### **8.B. Update On Staff's Plan To Seek Asadra Funding In Fall Grant Cycle.**

In making the staff report, Chris Phillips, Assistant City Manager of Administration/Finance Director, reviewed his August 28, 2020 Memo, which follows:



## MEMORANDUM – ASADRA FUNDING

**To: Preston Mitchell, City Manager**  
**From: Chris Phillips, Asst. City Manager/Finance Director**  
**Date: August 28, 2020**

In April, the City Council adopted two resolutions allowing the City to apply for grants through the North Carolina Department of Environmental Quality (DEQ) administration of funds from the federal Additional Supplemental Appropriations for Disaster Relief Act, 2019 (ASADRA). NC localities affected by Hurricanes Florence and/or Michael are eligible; therefore, Reidsville is eligible because Rockingham County was included in the disaster area for Hurricane Michael.

Below is a reminder of the Sewer and Water projects related to the resolutions:

One of the measures for the applications is Resiliency, and there are extra provisions related to moving infrastructure out of floodplains. The Wastewater Treatment Plant Headworks project, discussed with the City Council at their January 2020 retreat, is a viable candidate for this funding. The initial project was to replace the headworks in the current location, which is in a floodplain. The project has been reviewed in light of this new source of funding and it appears the headworks can be relocated up the hill at the WWTP, out of the floodplain, which would be a preferred location. This additional work will increase the expected cost of the project by \$1million, bringing the total expected project cost to \$4 million. By moving the project out of the floodplain, the potential funding will be a principal forgiveness of \$3 million with a low interest loan for the remaining portion (if not funded by utility reserves).

In addition, the City can also apply for ASADRA funding for Water projects as well. The City has examined the ability to loop water lines in the past to improve water quality and to eliminate the need to flush water. An application for funding for water line looping is being prepared. This application will probably be eligible for 25% principal forgiveness.

This funding is competitive. The City did not receive any grant funding or principal forgiveness from the Sewer project, but did receive loan funding at an interest rate of only .18%. The Water project did not score high enough to receive a grant or loan funding.

Staff would like to reapply for this funding for the Fall 2020 cycle, with applications due by September 30. The number of projects submitted is expected to be down due to this being the second round of projects. In addition, the City has been able to document items and/or establish new items that should garner additional points, resulting in moving the project higher in the scoring. While the extremely low interest rate for the Sewer project is attractive, there is a real possibility that the City could get up to 75% of the project through grant funds. Therefore, it is the staff recommendation to not accept the loan at this time in lieu of filing the application again. Likewise, the Water project application will be filed again to see if the project can get funding.

Staff will work with Doug Chapman of McGill Engineers to complete the applications by the deadline.  
(End of Memo)

Assistant City Manager Phillips reminded Council members that the City had applied for ASADRA funding in the spring cycle for a water project and a sewer project. He stressed that this funding had been very competitive, and the City had received no grant funding or principal forgiveness for the sewer project. The City did receive a loan at only .18%, he noted. The water project did not qualify high enough to get a grant or a loan. Staff has reconsidered and spoken to our consultant at McGill, who thinks this project is still competitive and may do better in the fall when fewer projects tend to apply. He said we are very close to getting into grant or principal forgiveness on the sewer project. On the water project, we were close to getting into the loan situation. Additional information has been added to our applications,



which may get us a few more points, he said. Phillips said we just feel we are competitive and want to apply again.

No Council action is needed, he added, because the Resolutions still apply for the upcoming cycle. Phillips said some might ask why not take the loan at such a small interest rate, but we want to be able to maximize those dollars if we can. He said it is possible that up to 75% of that project could be a grant, he noted. We will be working with Doug Chapman to get this in by the end of the month.

#### **8.C. Consideration Of Inclusion Of Capital Improvement Projects In Sewer Asset Management Plan.**

In making the staff report, Public Works Director Chuck Smith reviewed his memo, which follows:

### **MEMORANDUM**

**DATE:** August 28, 2020  
**TO:** Preston Mitchell, City Manager  
**FROM:** Chuck Smith, Public Works Director  
**SUBJECT:** Sewer Asset Management Plan

During the September 17, 2019, special meeting of the City Council, the Sewer Asset Management Plan was unanimously adopted. The council meeting minutes and resolution has been included with this memorandum.

The Asset Management Plan (AMP) is a planning tool the Public Works Department uses to focus maintenance, repair, and replacement efforts. The plan is a fluid document that will need updating from time to time as maintenance is performed and other areas of concern arise.

The request tonight is to approve a single page insertion showing proposed Public Works Department capital improvement projects items into the AMP that may help the city be better positioned to be eligible for and obtain grant funding and preferable loan terms. (END OF MEMO)

He noted that in September of 2019, the City Council approved the City's Sewer Assessment Management Plan. (A COPY OF THE RESOLUTION APPROVED ON SEPTEMBER 17, 2019 AND A COPY OF THE SEPTEMBER 17, 2020 MINUTES EXCERPT ARE HEREIN INCORPORATED AND MADE A PART OF THESE MINUTES.) Tonight, he said he was asking Council to add a single-page document that would allow the City to apply for grant funding, etc. He said since this single page insertion is a Public Works Department plan, he was asking for Council approval. (A COPY OF THE ONE-PAGE DOCUMENT, TITLED CITY OF REIDSVILLE PUBLIC WORKS DEPARTMENT CAPITAL IMPROVEMENT PROGRAM – SUMMARY PAGE, IS HEREIN INCORPORATED AND MADE A PART OF THESE MINUTES.) City Manager Preston Mitchell noted that the grant funding that Mr. Smith had mentioned, specifically, was the ASADRA grant previously discussed. He said there could be other grants as well but this is the most immediate pressing one.

**Mayor Pro Tem Brown asked for a motion to include the Capital Improvement Projects in the Sewer Asset Management Plan. Councilman Hairston said “so moved,” which was seconded by Councilman Gorham and unanimously approved by Council in a 7-0 vote.**

## **PUBLIC COMMENTS.**

No one came forward for Public Comments.

## **CITY MANAGER'S REPORT.**

In making the Manager's Report, City Manager Preston Mitchell reviewed the following items as outlined in his written report: 1) Reidsville ABC Board minutes have been included in the Miscellaneous Section and we have requested that they are sent each month once they are approved by the Reidsville ABC Board; 2) 2020 US Census Self-Response Rate Update, the US Census has moved to the door-to-door household visits phase in the Census Bureau's effort for a total response rate. However, citizens can continue to fill out the self-response rate during this period as well; 3) Reidsville Homeowners CDBG-NR Home Repairs, a flyer on this program is in the Miscellaneous Section for reference. The deadline for applications is September 17<sup>th</sup> by 4 p.m.

## **BOARDS & COMMISSIONS APPOINTMENTS:**

The ballots had previously been distributed and left at each Council member's table.

## **COUNCIL MEMBERS' REPORTS.**

**Councilman Hairston** – Councilman Hairston said he had participated in this month's NAACP conference call.

**Councilwoman Walker** – Councilwoman Walker said she had attended the following meetings by phone: the RDC meeting on August 25; the ABC Board meeting on August 27; and the retirement celebration at the Police Department for Corporal Daniel Velazquez via Zoom on September 2. Councilwoman Walker expressed her condolences to Mrs. Frankie Ann Williams, whose son recently passed away unexpectedly, adding that Mrs. Williams served as the Rockingham County Clerk of Court for several years. She asked those present to keep Mrs. Williams and her family in their thoughts and prayers.

**Councilman Gorham** -- Councilman Gorham reported he had attended the following meetings by phone: the monthly NAACP meeting; the RDC meeting and had participated in person at the retirement celebration for Corporal Velazquez. Councilman Gorham emphasized the importance of everyone filling out the 2020 Census. He said he did not want Reidsville to miss out on our share of \$74 billion.

**Councilman Festerman** – Councilman Festerman expressed his sorrow over the recent accident at the Lake Reidsville Water Plant involving a contractor, who passed away. He asked that those present observe a moment of silence on his behalf. He then continued by sharing his appreciation to City Marketer Judy Yarbrough, City Clerk Angela Stadler and all other staff for all their hard work regarding the 2020 Census and the benefits it will bring to the City of Reidsville. Councilman Festerman said he had suggested at last month's meeting that they try and meet in person in September. He thanked City staff for making it happen and said he knew logistically it was not easy.

**Mayor Pro Tem Brown** – Mayor Pro Tem Brown offered his appreciation to City Manager Mitchell and City Marketer Yarbrough for the opportunity to be a part of the recent robo-call regarding the 2020 Census and looks forward to some positive feedback from that. He added that his heart also goes out to the family of the man involved in the accident at the Lake Reidsville Water Plant.

**Councilmember Scoble** – Councilmember Scoble said she would forgo her report this month since she was having trouble hearing.

**Mayor Donecker** – Mayor Donecker complimented Diane Sawyer and the Reidsville Chamber of Commerce for their efforts to continue to look for ways to combat the "new normal" when it comes to



COVID-19. He said Sawyer is currently working on a regional job fair with more information becoming available soon. The Mayor offered kudos to Sawyer and the Chamber for stepping up to the plate and adjusting their game during this pandemic.

Councilman Festerman added that it is always refreshing and heartwarming to hear about stories like the one tonight. He said these stories occur frequently and go unnoticed but that they are a true testimony of Reidsville's finest.

**ANNOUNCEMENT OF BOARDS & COMMISSIONS APPOINTMENTS:**

City Clerk Angela G. Stadler announced the following re-appointments to the following City Boards and Commissions: Norma Craddock of 408 Piedmont Street and James Jackson of 2304 Belmont Drive to new terms on the Historic Preservation Commission; Wanda Harley of 320 Church Street and Richard Ratliff of 814 Lawndale Drive, #126, to the Human Relations Commission; and James "Tony" Grogan of 1405 Brookwood Drive to the Parks & Recreation Advisory Commission. (A COPY OF THE BALLOTS ARE HEREIN INCORPORATED AND MADE A PART OF THESE MINUTES.)

**MOTION TO GO INTO CLOSED SESSION TO DISCUSS LEGAL, ECONOMIC DEVELOPMENT AND PERSONNEL MATTERS PURSUANT TO NCGS 143-318.11(A)(3) (4) & (6).**

Councilman Hairston made the motion, seconded by Councilwoman Walker and unanimously approved by Council in a 7-0 vote, to go into closed session.

**MOTION TO ADJOURN.**

Upon return to open session, Councilman Gorham made the motion, seconded by Councilman Hairston and unanimously approved by Council in a 7-0 vote, to adjourn.

---

John M. "Jay" Donecker, Mayor

ATTEST:

---

Angela G. Stadler, CMC/NCCMC, City Clerk

**MINUTES OF THE SPECIAL MEETING  
OF THE REIDSVILLE CITY COUNCIL  
HELD WEDNESDAY, SEPTEMBER 23, 2020 AT 10:00 A.M.  
COUNCIL CHAMBERS, CITY HALL**

**CITY COUNCIL MEMBERS PRESENT:**  
*(unless specified, Council members attended via Zoom)*

Mayor John M. “Jay” Donecker *(in person)*  
Mayor Pro Tem Harry L. Brown  
Councilman James K. Festerman *(via phone)*  
Councilman Donald L. Gorham  
Councilmember Terresia Scoble  
Councilwoman Sherri G. Walker

**COUNCIL MEMBERS ABSENT:**

Councilman William Hairston

**CITY STAFF PRESENT:**  
*(Staff attended via Zoom)*

Preston W. Mitchell, City Manager  
Angela G. Stadler, CMC, City Clerk  
William F. McLeod Jr., City Attorney  
Chris Phillips, Assistant City Manager –  
Administration  
Haywood Cloud, Assistant City Manager –  
Community Services  
Judy Yarbrough, City Marketer

Mayor Donecker called the special meeting to order.

**PUBLIC HEARING RELATIVE TO THE CITY’S INTENTION TO APPLY FOR FY  
2020 CDBG FUNDING UNDER TITLE 1 OF THE HOUSING AND COMMUNITY  
DEVELOPMENT ACT.**

The Mayor noted the purpose of the meeting was to hold a public hearing related to the City’s intention to apply for FY 2020 CDBG funding under Title 1 of the Housing and Community Development Act. Citizens will be given the opportunity to provide oral or written comments on the City’s past and proposed use of CDBG funds at the public hearing. He then turned the meeting over to consultant Amanda Whitaker of WithersRavenel, who was attending via Zoom audio, for a report.

Ms. Whitaker reiterated the purpose of the public hearing, noting specifically that this is one of two public hearings required as the City applies for CDBG-CV or COVID-19 funds. She described today’s public hearing as more “generic” in nature and said she would list all of the CDBG programs the City could apply for at the State CDBG level. Those programs include: Housing & Neighborhood Revitalization, of which the City already has such a grant; Planning grants; Infrastructure, of which the City has one; and Economic Development, in which the City has participated in the past. She said the City Council was probably familiar with these programs because the City has current grants or has received them in the past.



This generic public hearing today would serve as the first public hearing for any State level CDBG funding the City would want to apply for in the next year, Ms. Whitaker stated.

Ms. Whitaker then reviewed the CDBG-CV funding, noting that Council and anyone from the public could then ask questions. This is a standard CDBG funding application, which is why we are holding these two public hearings, and the threshold is \$900,000 to apply for, she said. She said she didn't know that the City's application would be for that much, but that is the maximum that can be applied for, she noted. Ms. Whitaker said there is no deadline, but it is a first come, first served program. Her goal for the City of Reidsville is to have the application wrapped up by the end of September, first of October, she said. After the second public hearing, she plans to have all the details finalized within the next week or so and have the application in, Ms. Whitaker noted.

With no questions coming from Council, Mayor Donecker asked Ms. Whitaker to provide some specifics of the City's planned application.

Ms. Whitaker said she would go into great detail about the proposed budget at the next public hearing. This funding would go towards help expanding the Penn House with the purpose of increasing social distancing. The expansion of the Greenhouse area of the Penn House will allow activities to take place there while social distancing. Potential possibilities with this expansion in the areas of healthcare and telehealth are being finalized but include onsite testing for COVID-19 via remote bus type facility as well as a similar bus from Annie Penn for mammograms in the parking lot. Also included would be WiFi access, mainly outdoors, but with possible space inside the Greenhouse with social distancing followed for use mainly by school aged children for virtual learning, she continued, and could also be used for remote working situations. While the public WiFi would be open to anyone, it would serve the neighboring community that have school aged children who might not have access to WiFi at home, she stressed.

With no questions from Council, the Mayor opened the public hearing at 10:13 a.m. With no one coming forward, the public hearing was closed at 10:14 a.m.

Mayor Donecker asked Ms. Whitaker what is the next step? She replied that they would continue to work on the application and the second public hearing is planned for next week. At that public hearing, the details and budget of the project will be discussed, and the Council will then need to adopt a Resolution authorizing the City to submit the application, which will be done soon after, she said.

Councilman Festerman asked if we are successful with our application, when will the grant funding be awarded? Ms. Whitaker responded that no specific deadline has been given, but in her conversations with Valerie Moore, who is overseeing this program for NC Commerce, Ms. Moore thinks they will be turning around grant applications within 10 days. As they get the applications, they are reviewing them and making awards, Ms. Whitaker said, so she expects fairly quickly after the City submits its application. Ms. Whitaker added that the State only has a short period of time to obligate these federal aid dollars under the CARES Act.

Mayor Donecker noted that the next meeting will be at 3 p.m. Monday, September 28, 2020. The Mayor asked when will the next special meeting notice be posted? City Clerk Angela Stadler said after this meeting is over, today's notice would be taken down and the next one posted.

**MOTION TO ADJOURN.**

**Councilman Gorham then made the motion, seconded by Councilwoman Walker and unanimously approved by Council in a 6-0 vote, to adjourn at approximately 10:16 a.m.**

ATTEST:

---

John M. "Jay" Donecker, Mayor

---

Angela G. Stadler, CMC/NCCMC, City Clerk

**MINUTES OF THE SPECIAL MEETING  
OF THE REIDSVILLE CITY COUNCIL  
HELD MONDAY, SEPTEMBER 28, 2020 AT 3:00 P.M.  
COUNCIL CHAMBERS, CITY HALL**

**CITY COUNCIL MEMBERS PRESENT:**  
*(unless specified, Council members attended via Zoom)*

Mayor John M. "Jay" Donecker *(in person)*  
Mayor Pro Tem Harry L. Brown  
Councilman James K. Festerman  
Councilman Donald L. Gorham *(via phone)*  
Councilman William Hairston  
Councilmember Terresia Scoble  
Councilwoman Sherri G. Walker

**COUNCIL MEMBERS ABSENT:**

NONE

**CITY STAFF PRESENT:**  
*(Staff attended via Zoom)*

Preston W. Mitchell, City Manager  
Angela G. Stadler, CMC, City Clerk  
William F. McLeod Jr., City Attorney  
Chris Phillips, Assistant City Manager –  
Administration  
Haywood Cloud, Assistant City Manager –  
Community Services  
Jeff Garstka, Economic Development Director  
Judy Yarbrough, City Marketer  
Jill Weston, Market Square/Main Street  
Manager

Mayor Donecker called the special meeting to order. He read the two reasons for today's special meeting: first, a second public hearing relative to the City's Intention to apply for FY 2020 CDBG Funding Under Title 1 of the Housing and Community Development Act and secondly, consideration of the City's nomination for Main Street Champion.

**SECOND PUBLIC HEARING RELATIVE TO THE CITY'S INTENTION TO APPLY  
FOR FY 2020 CDBG FUNDING UNDER TITLE 1 OF THE HOUSING AND  
COMMUNITY DEVELOPMENT ACT.**

The Mayor then asked for a staff report regarding the public hearing. City Manager Preston Mitchell said consultant Amanda Whitaker of WithersRavenel, who was attending via Zoom audio, would provide an overview and details of the City's proposed application. He said relevant City staff is also available for any questions.

Ms. Whitaker said the purpose of this public hearing, the second of two public hearings to be held, is to apply for CDBG-CV or COVID-19 funding, which comes out of the Department of Commerce. The City is planning to apply for \$600,000 through this program, and she said she would be discussing in some detail three activities, along with the budget. She invited Council members to ask questions as she talked.



The scope of the project is to rehabilitate and expand the Penn House's Greenhouse, which will help provide space for meetings, training or events and help with social distancing guidelines in light of COVID-19, Ms. Whitaker said. She emphasized the additional space and ability to put more tables, etc. in the meeting space while being able to adhere to social distancing guidelines. Along with that, there are plans to provide WiFi service on the grounds and the parking lot at the Penn House, geared specifically to meet the virtual learning needs of local students. This free WiFi service would also be available to others, including those doing remote work, she added. Penn House Manager/City Marketer Judy Yarbrough will make sure the necessary signage is done. Ms. Whitaker said there will also be onsite COVID-19 testing available at the Penn House provided by the Caswell Family Medical Center, known locally as the James Austin Center. Billy Crumpton with the Center has indicated they are purchasing a van for onsite testing in the parking lot for those in that area or anyone who comes to be tested, she continued. She said this will be driven by the LMI (Low-to-Moderate Income) numbers of people living in areas adjacent to that area. Two of the Census tract block groups adjacent to the downtown area of Reidsville are two of the highest LMI populations, which are within walking distance to a COVID-19 testing site and residents would not need to go into a doctor's office or have the fear of going inside, she said. Ms. Whitaker said, that along with that, they are looking at the Center providing some kind of kiosk or telehealth at the Greenhouse or at the mobile van while there throughout the week.

Ms. Whitaker reiterated that this grant application was looking at three activities: 1) rehabilitation/expansion of the Greenhouse space at the Penn House; 2) WiFi at the Penn House; and 3) onsite COVID-19 testing at the Penn House.

She said in terms of the budget, the City is planning to apply for \$600,000, \$540,000 of which would go to rehab/expand the Greenhouse space and to provide the WiFi access, which is a minimal part of that budget. The onsite COVID-19 testing will be done by the Caswell Family Medical Center so there is no cost to the City for that other than the partnership and providing them with a space to come to, Ms. Whitaker noted. The remaining \$60,000 would go toward administrative services if the City decides to hire a third party to administer the grant, she said.

Ms. Whitaker said there is no deadline to get in applications, but the State started accepting them around the first of September. She said her goal is to get the application in by the end of this week or by the first of next week because we know funds will start to run out. She added that we are in a good position, having received all of our support letters. Staff has worked diligently to get those letters, she noted. She said she felt confident that the City has a good application, but we are just working to get it put together. She noted the application will be hand-delivered to the State.

Mayor Donecker asked Ms. Whitaker why we are partnering with Caswell Family Medical Center, which is in an adjacent County. Ms. Whitaker stated that the Center is already providing general health to areas in Rockingham County, citing in the City of Eden as an example, and are looking to expand health care services into Reidsville, especially with the mobile van. As a nonprofit, they are not thinking to stay only in Caswell, she said, again noting the Center's need for space in Reidsville. The Mayor asked if any provider in Reidsville was approached about



assisting us, such as Annie Penn or Moses Cone? City Manager Preston Mitchell said the parent company, Caswell Family Medicine, and the James Austin Center, focuses on low to moderate clientele. He added that staff did talk to Annie Penn, which has agreed to write a letter of support, etc. While Annie Penn does include patients of low to moderate income, the James Austin Center is primarily focused on those with low to moderate income, the City Manager stressed. The Mayor said he was fine as long as due diligence was done, and we had let Annie Penn know about it. Ms. Whitaker added that we are required to meet 51% of LMI, which is why we are focusing on LMI neighborhoods and partnering with this specific nonprofit.

Councilmember Scoble confirmed that by accepting and spending these monies, there would be no restrictions placed on how the City uses the Penn House? Ms. Whitaker stated that is correct, adding that the application only says the Penn House is used as an event space and meeting space. In order to use that space for a larger group, this expansion would be needed, but there would be no restrictions on what you do with the facility, she said.

Mayor Donecker opened the public hearing at 3:13 p.m. He asked the City Clerk if we had received any comments. City Clerk Angela Stadler responded that we have received no written or oral comments. The Mayor asked if there was the ability for someone to ask questions from a virtual standpoint? City Manager Mitchell said we have not provided that option, but they could always contact us, and that is an accommodation we could make. He noted we also advertised they could come in person. The City Attorney agreed that there had been suitable advertisement of the public hearing. With no one coming forward, the public hearing was closed at 3:14 p.m.

**Councilman Gorham then made the motion to approve the Resolution to apply for the CDBG-CV funding. The motion was seconded by Councilman Festerman and unanimously approved by Council in a 6-0 vote.**

The Resolution as approved follows:

**RESOLUTION FOR THE CITY OF REIDSVILLE APPLICATION FOR COMMUNITY DEVELOPMENT BLOCK GRANT COVID-19 FUNDING**

**WHEREAS**, the Reidsville City Council has previously indicated its desire to assist in community development efforts for housing and community development throughout the City; and,

**WHEREAS**, the City Council has held two public hearings concerning the proposed application for Community Development Block Grant funding for expansion of the Greenhouse Area at Penn House to allow for social distancing, installing WiFi capabilities for public access for virtual learning and working, partnerships for health screenings and COVID-19 testing, and partnerships for telehealth opportunities at the Penn House; and,

**WHEREAS**, the City Council wishes the City of Reidsville to pursue a formal application for Community Development Block Grant funding to benefit at least 51% low-moderate income households; and,

**WHEREAS**, the City Council certifies it will meet all federal regulatory and statutory requirements of the State of North Carolina Community Development Block Grant Program,

**NOW, THEREFORE, BE IT RESOLVED**, by the City of Reidsville's City Council that the City is authorized to submit a formal application to the North Carolina Department of Commerce for approval of a Community Development Block Grant (CV) COVID-19.

Adopted this the 28 day of September, 2020 in Reidsville, North Carolina.

/s/ \_\_\_\_\_  
John M. "Jay" Donecker Mayor

ATTEST:

/s/ \_\_\_\_\_  
Angela G. Stadler, City Clerk

City Manager Mitchell asked Ms. Whitaker if there were any other steps that needed to be taken beyond the Resolution. She replied no, that all the signature documents were in the City Clerk's office for the Mayor to sign. She said either she or someone from her office would come and pick up the signed documents and put the application together. The Mayor thanked her for keeping this process on track.

### **CONSIDERATION OF THE CITY'S NOMINATION FOR MAIN STREET CHAMPION.**

In making the staff report, Economic Development Director Jeff Garstka said every year, the City gets to nominate a Main Street Champion as part of the NC Main Street Program. This individual or group of individuals is recognized each year at the annual State Main Street Conference, he noted. It has already been announced that the conference in the spring will be virtual, he said, but that doesn't affect the fact that we need to honor someone from here as our Main Street Champion. He said it is the role of Council to make the final decision. At the last regular meeting of the Reidsville Downtown Corporation board, two nominations were made, he said. One was for the City's Public Works Department, which helps out with our downtown events and those logistics, etc., as well as regular maintenance of the downtown, from sidewalk repairs to putting in the new tree planters and hanging the lights. The second nomination was for Missy Matthews, the City's former Main Street Manager, who did a great job transforming her position but also our Main Street Program, helping to achieve first-time national accreditation and helping to shape the RDC Board, which is a very strong group now, Garstka noted. Council can also nominate additional individuals at this time, he said, and then vote on who the Council would like to put forth as our Champion.

Councilwoman Walker said the RDC could not come to a conclusion between Missy and Public Works so they gave it to Council to decide. Noting both were well deserving, she questioned whether during these unprecedented times, could we not have them both nominated in a tie vote. She said she would like for both to receive this award.

Noting that was one possibility, the Mayor said he thought there was a dual nomination that should be thrown into the mix, naming Jeff Garstka. He said Missy was extremely successful but it takes a good manager to work with someone who has never done this before to do such an excellent job. Over the years, Jeff has certainly navigated through this process. The Mayor said it doesn't have to be an either/or but might be "one and" or "two and", but he would take input from Council.



In answer to Councilwoman Walker's question, Garstka interjected that the City does need to offer forth one nomination because this person is given an award. He said the Council does need to come to some final conclusion about the official nomination as far as the State Main Street Program is concerned.

Noting he understood the problems of having either an individual or a department named together, Manager Mitchell suggested that Missy and Jeff could go in as the Main Street Division of the City's Economic Development Department. The Mayor reiterated that the City Manager was suggesting the City's Main Street Department of Economic Development be nominated. Councilmember Scoble said she believed according to the rules of the Main Street Program, it could be one – either Jeff and Missy or Public Works but not both. Several Council members said they felt it should be Jeff and Missy. The Mayor said he would entertain a motion.

**Councilmember Scoble made the motion, seconded by Councilman Gorham, to designate Jeff and Missy as our Main Street Program Champions.**

During the discussion period, Mayor Donecker asked if Jeff and Missy would be identified as the Main Street coordinators of our Economic Development Department? It was agreed that staff would find the correct wording. Garstka said he was extremely humbled to have his name brought into it, especially as a current staff member. Several Council members expressed their appreciation to Jeff.

**The motion was passed in a 7-0 vote.**

**MOTION TO ADJOURN.**

**Councilman Gorham then made the motion, seconded by Councilwoman Walker and unanimously approved by Council in a 7-0 vote, to adjourn at approximately 3:21 p.m.**

ATTEST:

---

John M. "Jay" Donecker, Mayor

---

Angela G. Stadler, CMC/NCCMC, City Clerk

### **BUDGET ORDINANCE AMENDMENT NO. 3**

**WHEREAS**, the Mayor and City Council of the City of Reidsville adopted a budget ordinance on June 9, 2020 which established revenues and authorized expenditures for fiscal year 2020-2021; and

**WHEREAS**, since the time of the adoption of said ordinance, it has become necessary to make certain changes in the City's budget to budget to recognize a Reidsville Area Foundation Grant and to appropriate related funds for the Mask Up Reidsville campaign;

**NOW, THEREFORE, BE IT ORDAINED**, by the Mayor and City Council of the City of Reidsville that the budget ordinance as adopted on June 9, 2020 is hereby amended as follows;

**Section 1.** That revenue account number 10-3431-9004, Reidsville Area Foundation, be increased by \$36,950.00.

**Section 2.** That expense account number 10-4930-2205, Community Affairs, be increased by \$36,950.00.

This the 13th day of October, 2020.

\_\_\_\_\_  
John M. "Jay" Donecker  
Mayor

ATTEST:

\_\_\_\_\_  
Angela G. Stadler, CMC/NCCMC  
City Clerk



THE CITY OF  
**Reidsville**  
NORTH CAROLINA

230 West Morehead Street • Reidsville, North Carolina 27320 • (336) 349-1065 • Fax (336) 347-2355

*Department of Community Development*

**MEMORANDUM**

**TO:** Preston Mitchell, City Manager  
**FROM:** Jeff Garstka, Economic Development Director   
**SUBJ:** Public Hearing for Conveyance of Real Property at 203 Gilmer St.  
**DATE:** October 2, 2020

The Reidsville City Council will hold a public hearing on October 13, 2020 at the regularly scheduled Council meeting to consider the conveyance of real property owned by the City of Reidsville to Brown Entertainment, LLC for the purpose of a mixed-use redevelopment.

The City and Developer are prepared to enter into an Economic Incentive Agreement (EIA) attached to this memo. The EIA contains benchmark timeframes by which the Developer must meet throughout the redevelopment project which are laid out in specific detail on the EIA attachment, including clawbacks.

In addition to the transfer of real property, the developer is also eligible for up to \$15,000 from the City's Municipal Service District building rehabilitation grant, upon approval of eligible expenses and full application.

***“Live Simply, Think Big”***



## **NOTICE OF PUBLIC HEARING**

The Reidsville City Council has scheduled a public hearing to consider the conveyance of real property owned by the City of Reidsville at its regular monthly meeting to be held on Tuesday, October 13, 2020, beginning at 6:00 p.m. or shortly thereafter at RCARE, 102 N. Washington Avenue, Reidsville, North Carolina.

The purpose of the public hearing is to consider the approval of the conveyance of real property located at 203 Gilmer Street (Parcel No. 154869) with a tax value of \$36,259 to Brown Entertainment, LLC for the establishment of retail redevelopment of a multi-story shell building. The property will be conveyed at no cost per an economic development Incentive agreement that includes clawbacks.

Persons interested are invited to attend and participate in this hearing.

This the 30th day of September, 2020.

Angela G. Stadler, CMC/NCCMC  
City Clerk  
City of Reidsville

The City of Reidsville shares the goals of the Americans With Disabilities Act, which protects qualified individuals from discrimination on the basis of disabilities and provides for equality of opportunity in the services, programs, activities and employment of the City. Any individual with a disability who needs an interpreter or other auxiliary aids or services for this meeting may contact the City of Reidsville at 336-349-1030 (Voice). The toll-free number for Relay North Carolina is 1-800-735-2962 (TT).

# ECONOMIC INCENTIVE AGREEMENT BETWEEN BROWN ENTERTAINMENT AND THE CITY OF REIDSVILLE TO ACCOMMODATE THE DEVELOPMENT OF AN EXISTING BUILDING

THIS AGREEMENT, made and entered into this the \_\_\_\_ day of \_\_\_\_\_, 2020 by and between the City of Reidsville, a North Carolina Municipal Corporation (hereinafter "the city") and Brown Entertainment, LLC, a North Carolina Limited Liability Company, (hereinafter "the Developer") for the redevelopment of real property located at 203 Gilmer Street (otherwise known as "the Mural Building")

## **IT IS AGREED AS FOLLOWS:**

1. An offer has been made and accepted by the parties hereto for the City to convey to the Developer by General Warranty Deed the following parcel or tract of land together with improvements situated thereon located within the City of Reidsville, NC, to wit:

Real estate and improvements located at 203 Gilmer Street, Reidsville (Rockingham County), State of North Carolina (Tax Parcel #154869).

2. The developer will have ninety (90) days from the parties' due execution of this Agreement to pull all necessary construction/demolition permits for the subject real estate referenced above.

**Upon obtaining the necessary permits referenced above, the following apply (the timeline below begins once the permits have been issued):**

3. The Developer shall begin construction within one (1) year.
4. The Developer shall complete ground floor renovations including lobby/connection to the adjacent theater, the ground floor to be utilized as a performance night lobby/concessions/gift shop; the Developer shall also complete the installation of an elevator and convert the ground floor and a portion of the second floor to back-of-house dressing rooms, storage and offices within three (3) years.
5. The Developer shall provide minimum building code compliance and obtain a Certificate of Occupancy related to occupancy on the second floor within five (5) years.
6. As of the date that the ground floor construction is complete or as of the date of the opening of the theater, whichever event is the last to occur, the Developer shall have three (3) full time-equivalent staff employees. The three (3) full time-equivalent staff employees shall be employed continuously for a period of no less than two (2) years from the date of the

commencement of their employment with the Developer. The said employees shall receive wages/compensation in an amount that are at or above the current reported Rockingham County average wage for the three positions.

7. The City agrees to convey the subject property at no cost to the Developer.
8. In the event that the Developer fails to achieve, complete or perform any item set forth above in this Economic Incentive Agreement in which the responsibility rests with the Developer to achieve, complete or perform, then and in that event, the said tract or parcel of land located at 203 Gilmer Street Reidsville, NC together with all improvements situated thereon shall revert to the City forthwith.
9. The parties hereto agree to execute any document or documents necessary to carry out the full intent of this Economic Incentive Agreement.

IN WITNESS WHEREOF, the City of Reidsville and Brown Entertainment have caused this Economic Incentive Agreement to be executed under seal themselves or by their duly authorized agents or officers.

CITY OF REIDSVILLE

BY: \_\_\_\_\_  
JOHN M. "JAY" DONECKER-MAYOR

Attest:

\_\_\_\_\_  
Angela G. Stadler - City Clerk

Brown Entertainment, LLC

BY: \_\_\_\_\_  
Member/Manager



NORTH CAROLINA  
ROCKINGHAM COUNTY

On the \_\_\_\_ day of \_\_\_\_\_, 2020, before me \_\_\_\_\_, a notary public, in and for said county and state, personally appeared Angela G. Stadler, City Clerk of the City of Reidsville, a Municipal Corporation of Rockingham County, North Carolina, who, being by me first duly sworn, says that she knows the common seal of the City of Reidsville and is acquainted with John M. "Jay" Donecker, who is the Mayor of the City of Reidsville, and that she, Angela G. Stadler, is the City Clerk of the City of Reidsville, and that she saw the Mayor sign the foregoing instrument, and that she, the City Clerk as aforesaid, affixed the seal to the said instrument, and that she, the said Angela G. Stadler, signed her name in attestation of the execution of said instrument.

Witness my hand and notarial seal, this the \_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_

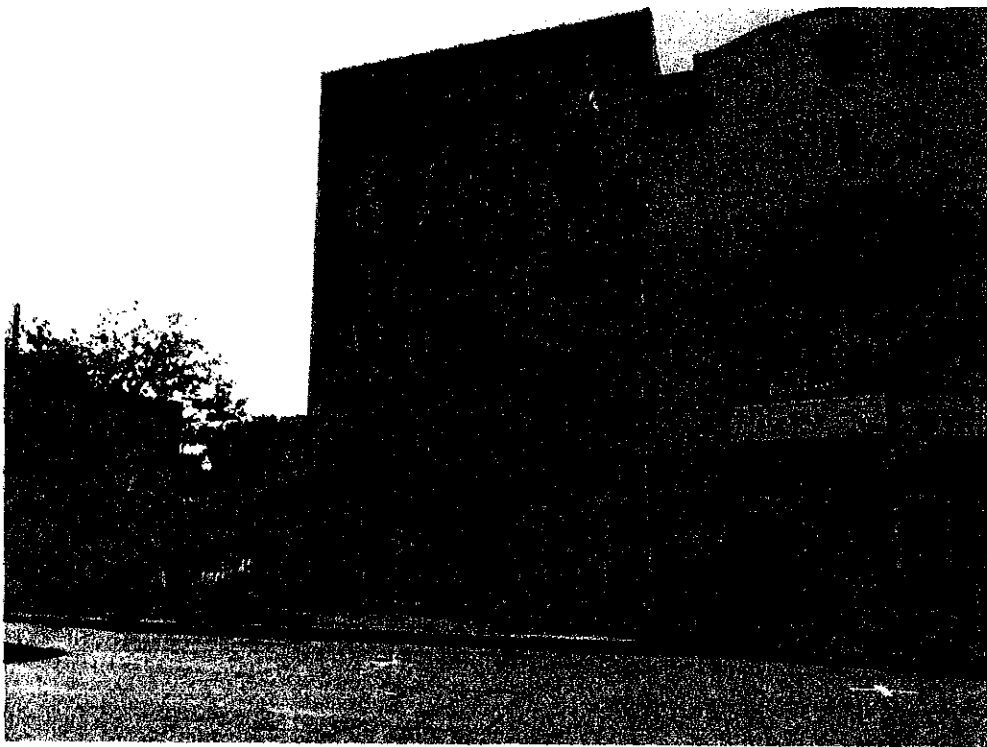
NORTH CAROLINA  
ROCKINGHAM COUNTY

I, the undersigned Notary Public of the County and State aforesaid, certify that \_\_\_\_\_ personally appeared before me this day and acknowledged that he/she is the \_\_\_\_\_ of Brown Entertainment, LLC, a North Carolina Limited Liability Company, and that by the authority duly given and as the act of such entity, he/she signed the foregoing instrument in its name on its behalf as its act and deed.

Witness my hand and notarial seal, this the \_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_

Appraisal Report  
Of  
203 Gilmer Street  
Reidsville, NC 27320



For  
City of Reidsville  
230 W. Morehead Street  
Reidsville, N.C. 27320  
Attn: Jeff Gartska

Prepared by  
Davis Appraisal Service  
Tommy Davis, ASA  
120-A Arbor Lane Professional Park  
P.O. Box 1046  
Eden, N.C. 27288  
336-627-9010

# DAVIS APPRAISAL SERVICES

ARBOR LANE PROFESSIONAL PARK • 120 A ARBOR LANE • P.O. BOX 1046 • EDEN, NC 27288  
TELEPHONE: BUS: (336) 627-9010 • FAX: (336) 627-5573 • E-MAIL: davisappraisal@trlad.twcnc.com

TOMMY DAVIS, ASA  
ACCREDITED SENIOR APPRAISER  
NC STATE CERTIFIED APPRAISER A-830  
VA STATE CERTIFIED APPRAISER 4001-003476



September 29, 2020

City of Reidsville  
230 W. Morehead Street  
Reidsville, N.C. 27320  
Attn: Jeff Gartska

Dear Jeff,

I have made an inspection of the land and improvements located at 203 Gilmer Street, Reidsville, N.C. I have personally inspected the subject property, gathered and analyzed data believed to have relevant bearing on the value of the property.

Based on my study, analysis, and judgment, it is concluded that as of September 8, 2020 the subject property had a market value in the order of **\$10,900.00**.

This appraisal assumes that no hazardous substances are being used on the subject property that would contaminate the soil or water sources on the subject site or nearby properties.

This estimate is based on the present economic conditions. If any part of this report requires amplification or clarification, please do not hesitate to advise me immediately.

Will Flynt of my office assisted with inspection, data gathering, analysis and packaging of this appraisal.

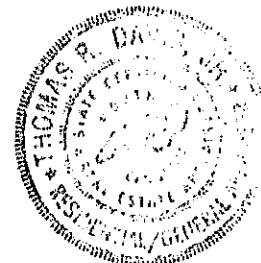
This appraisal is classified as an "Appraisal Report" as defined by the Appraisal Standards Board of The Appraisal Foundation.

The intended user of this report is the client and their assigns. The intended use is to evaluate the property that is the subject of this appraisal for economic development purposes, subject to the stated scope of work, purpose of the appraisal, reporting requirements of this appraisal report form and definition of market value. The appraiser identifies no additional intended users.

Respectfully submitted,

Tommy Davis, ASA

jd/TD





.....1  
**SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS**

Type of Improvement: 3-story masonry retail building

Year Built: 1922 per tax card

Location: 203 Gilmer Street  
Reidsville, N.C. 27320

Owner: City of Reidsville

Land Area: 2,537 sf per tax card – 26' x 100' x 26' x 93.42' per parcel map

Utilities: Public water, public sewer, telephone, electricity and natural gas

Zoning: BC (Central Business)

Building Area: 2,373 sf

Indicated Value by Cost Approach: N/A

Indicated Value by Income Approach: \$45,900

Indicated Value by Direct Sales Comparison Approach: \$54,600

Market Value Estimate: \$50,300 LESS \$39,400 to install flooring and heat  
"As Is" Market Value: **\$10,900**

Effective Date of Appraisal: September 8, 2020

Client: City of Reidsville  
230 W. Morehead Street  
Reidsville, N.C. 27320

Appraiser: Thomas R. Davis, ASA  
Davis Appraisal Service  
120 Arbor Lane Professional Park  
PO Box 1046  
Eden, N.C. 27288  
336-627-9010

*Thomas R. Davis Jr.*





# THE CITY OF Reidsville NORTH CAROLINA

## FIRST RESPONDERS 9/11 MEMORIAL

**To: Preston Mitchell, City Manager**

**From: Chris Phillips, Asst. City Manager/Finance Director**

**Date: October 5, 2020**

As has been discussed in the past, the City would like to erect a 9/11 memorial to be dedicated to first responders in front of Fire Station One. The intersection of Williams and Scales streets is the unofficial entrance to the City's downtown, and the addition of this memorial will help to frame that entrance.

Over the past few weeks this project has seen some significant movement. A group of employees, including Fire Chief David Bracken, Police Chief Robert Hassell, Assistant Fire Chief Jay Harris, Assistant City Manager Haywood Cloud, Public Works Director Chuck Smith and City Marketer Judy Yarbrough along with myself, have been able to secure the following:

- Jim Gallucci is willing to donate (permanent loan) a piece of art that includes a significant (23 foot) section of Twin Tower metal.
- Ricky Loye is willing to donate his time and services to prepare the area, transport and install the art.
- The Reidsville Downtown Corporation has agreed to support the memorial as part of Project DREAM – the beautification of DownTown.

The next steps will be to design and build a retaining wall so that the area can be brought up to street level. While there will be some cost for this project, the generous acts mentioned above will lower the expenses significantly. The City will be soliciting support from other agencies within the County as this memorial is planned to be inclusive of all first responders.

Attached to this memo is a picture of the artwork. You will see me standing in the frame to give some perspective of the scope of the work. As always, we appreciate the support of the City's leadership and the City Council. This artifact is a powerful reminder of the terrorist attack on our Country a little over 19 years ago. The plan is to formally dedicate this memorial on September 11, 2021 – the 20<sup>th</sup> anniversary of the event.

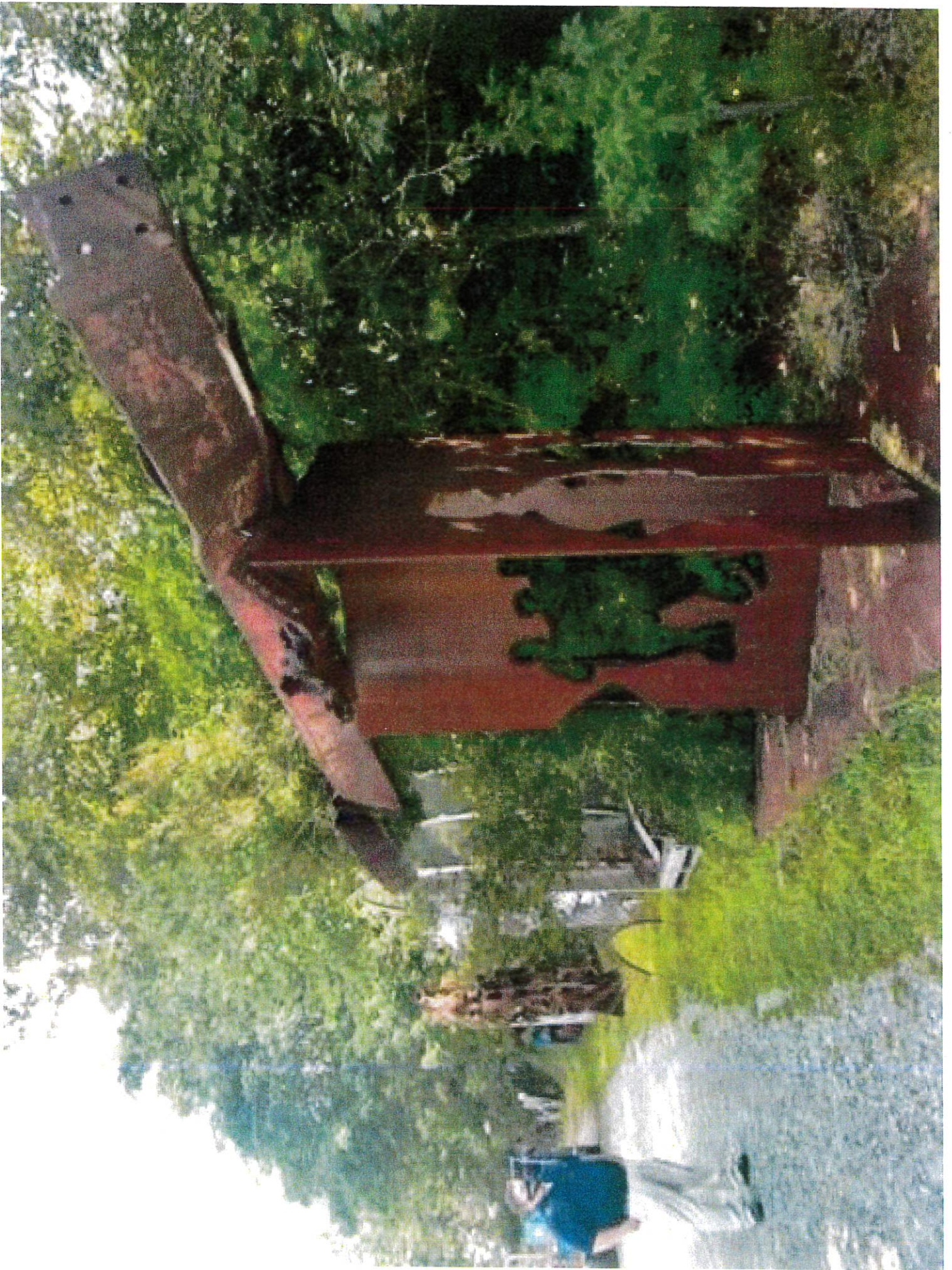
Please let me know if there are any further questions or information needed.

---

Finance Department  
Chris Phillips, Finance Director  
[cphillips@ci.reidsville.nc.us](mailto:cphillips@ci.reidsville.nc.us)

230 West Morehead St.  
Reidsville, NC 27320  
(336) 349-1055 (phone)  
(336) 349-1005 (fax)









# THE CITY OF Reidsville NORTH CAROLINA

## PATRIOT PARK PROJECT

**To: Preston Mitchell, City Manager**

**From: Chris Phillips, Asst. City Manager/Finance Director**

**Date: October 5, 2020**

As has been discussed in the past, the City is planning to construct a "pocket park" on Scales Street in the northern part of downtown that is being called Patriot Park. This park will showcase four historical documents related to the freedoms of being a citizen of the United States: The Declaration of Independence; the US Constitution; the Bill of Rights; and a representation of the Civil Rights movement. This park is intended to be educational and will add to the beautification of the City's downtown.

Similar settings of the "Charters of Freedom" have been erected in several North Carolina counties. The nonprofit responsible for most of these presentations has been contacted about a Reidsville location. The majority of the current settings are located near county courthouses. The City has decided to pursue this project for downtown Reidsville with or without the participation of the nonprofit entity.

Potential co-chairs for a fundraising campaign had been identified for this project, and a potential financial grant had been identified as well. Unfortunately, this project had to be put on hold during the current pandemic.

As ways of doing business have adapted, now is the time for the fundraising of this project to be reconsidered. The Reidsville Downtown Corporation has been approached about supporting this project as part of Project DREAM; the potential granting agency will be contacted; and the possible co-chairs will be approached in the near future.

Please let me know if there are any further questions or information needed.

# Examples of Other Installations

## Similar to Patriot Park



**Halifax**



**Conover**



**Hoke County**



**Lenoir**

To the Mayor, City Council and City Staff of Reidsville:

Lucky City Brewing was conceived in mid 2016 by Eric Smith and several other citizens and residents of the surrounding area. We are happy to announce that our dream is becoming a fast reality and are on track to be open and operational this year even with the current uncertainties that surround us as a community. We have had our bumps in the road as you are aware based on other businesses in the community. We feel that our unique business model will help us through these trying times as our business model has built in its customer base by being a cooperative. Attached, you will find our feasibility study that was put together in 2018 and while some things have changed since then, I feel that it is still relevant and shows that we are still very much a viable business that will not only be successful but will be a catalyst for other businesses to start or even grow based on our presence in the city.

As you are aware we completed our funding at the end of last year and received our award letter for our Community Development Block Grant in January of this year. We began the construction process in late January. In March we were forced to put a hold on construction due to the COVID shut down. We slowly started back in June and have made great strides. We also made the decision to include a kitchen and are working with Jonathan and Ginger Holbrook of Carmellas to put in a gourmet burger kitchen along with a few other specialty items. We have starting the hiring process of our head brewer and general manager and hope to have them in place within the next few weeks.

We have just over 300 Member/Owners and will be doing one final membership drive before we open that will target households with a disposable income in the age range from 30-60. This will ensure continued growth and will keep us viable for the long term.



**FEASIBILITY ANALYSIS OF LUCKY CITY  
BREWING**

## Table of Contents

Chapter 1.....	3
INTRODUCTION .....	3
Problem Statement.....	5
Hypothesis .....	5
Objectives.....	5
Justification .....	5
Chapter 2 .....	7
Review of Literature .....	7
The Feasibility Study.....	7
U.S. Microbrewery Industry .....	8
NC and Rockingham County Market Overview .....	10
Federal, State, and County Compliances .....	11
Financial Statements .....	13
Company Valuation Techniques.....	14
Chapter 3.....	15
Data Collection .....	15
Data Analysis.....	17
Assumptions.....	18
Limitations .....	18
Chapter 4 .....	19
Development of the Study.....	19
Chapter 5 .....	23
Summary .....	23
APPENDIX A.....	26
APPENDIX B.....	26
APPENDIX C.....	29
APPENDIX D.....	30
APPENDIX E.....	30
APPENDIX F.....	31

## Chapter 1

### INTRODUCTION

Consumers have become more aware of the quality differences between craft and generic beer. The popularity of premium craft beer has been growing since the microbrewery boom in the early 1970s. The United States experienced a large increase in the availability of beer and a sharp increase in the number of microbreweries due to the legalization of brew pubs in 1978. This legislature provides excise tax breaks and marketing advantages to microbreweries, which helps small production breweries stay competitive in an industry dominated by giant mass producers (Brewers' Association 2011). Sierra Nevada Brewing Co. (Chico) and The Boston Beer Co. (Boston), are the two highest grossing craft breweries in the U.S. and both businesses were established shortly after brewpubs were legalized. Dogfish Head Brewery (DHB), Gaithersburg, Maryland, is the nation's fastest growing craft brewery. The brewmaster at DHB stated that practicing economies of scope has been the key to their success, as well as educating consumers about the appealing complexity and sophistication of craft beer.

The economic theory, economies of scope, is when a business can decrease production costs by increasing the variety of goods produced. Microbreweries practice economies of scope because they produce a variety of beers, rather than mass producing a single type of beer. Before brewpubs were legal, the majority of U.S. consumers' palates had been exposed to primarily lagers and pilsners. Mass producers like Coors, Anheuser-Busch InBev, and SAB Miller spend more dollars on marketing than any other breweries because they're concerned with economies of scale and gaining market share, however their generalized product offerings create peripheral product opportunities for



microbreweries to survive. The difference between economies of scale and scope will continue to partition the resources available to large and small scale brewers. Mass producers are unable to efficiently distribute a large variety of beers, which allows microbreweries to target consumers looking for new malt beverages, and unique tastes. The growing number of microbreweries dwarfs the number of mass- producers, which resembles a true change in consumer preferences and a shift in demand for premium craft beer.

Between 1990 and 2010, 1,376 microbreweries were established in the United States. Rapid expansion in the 1980's led to an oversaturated market and volatility peaked in 1996 when 333 microbreweries opened, and only 36 closed. The volatile growth of the microbrewery industry has been compared to the dot-com boom in the '90's. Since 2005, there has been a rise in the number of microbrewery openings, and a decrease in closings. 2007 yielded 80 openings and 42 closings, which indicates a decrease in market volatility. Starting a brewery now may be a worthy endeavor for an entrepreneur.

Reidsville will be analyzed in this study as a potential site for starting a new brewery. The prospective brewery will be called Lucky City Brewing (LCB), and will be built downtown in our wholly owned property. The property is located in Reidsville, Rockingham County, in the downtown historic district. Reidsville is a rural destination located in North Carolina, which is where tobacco once dominated the country. Existing local businesses generate profits from residence that come from the surrounding counties and the town. Nearby areas such as Greensboro, Burlington and Danville, VA, as well as others in North Central NC, are critical factors to Rockingham County's growing population. Currently, there are multiple profitable vineyards surrounding Rockingham County. The isolated, rural area

of Rockingham County, NC, will embrace LCB because it will make the area more attractive to Visitors. Establishing LCB will require a feasibility study to be completed, in order to estimate if the project is financially feasible.

A feasibility study is designed to determine whether or not a specific project is economically sound. A myriad of possibilities are available to entrepreneurs who possess the right ingenuity, so a feasibility study is needed to narrow the scope of those possibilities. Feasibility studies are used for various reasons, mostly to improve the common interest and perspective of the entrepreneur. In the case of Lucky City Brewing, the observed market conditions, and local economy, will provide LCB an opportunity for success.

#### Problem Statement

Is it feasible to open a microbrewery in the rural area of Reidsville, NC?

#### Hypothesis

Opening a microbrewery in Reidsville will provide an internal rate of return of five percent or greater.

#### Objectives

- 1) Determine investment capital needed for starting a microbrewery in Rockingham County.
- 2) Determine the costs of production for operating a 5 BBL brewing system.
- 3) Determine the feasibility of this project using Net Present Value and Return on Investment analysis.

#### Justification

The implementation of a brewery in Reidsville will be a lucrative business, which will be beneficial to the rural economy of Rockingham County. The average employee at a brewery, winery, or distiller earns \$18.50 hourly, which is sufficient income when compared to minimum wage. U.S. breweries are forecasted to grow 3% every year between 2019 to 2022, and most of the growth will be manifested by microbreweries. One reason microbreweries continue to succeed is because of their regulatory environment.

This study will provide beneficiaries a framework for creating a feasibility study of their own, especially for those focused on building and opening a microbrewery. The feasibility study of LCB will be used to determine if the project can generate a positive return on investment (ROI). If a positive ROI is concluded, this report will be attractive to lenders and investors, who can help make the project a reality.



## Chapter 2

### Review of Literature

#### The Feasibility Study

A businesses ability to repay debt capital and interest needs to be determined before investing large amounts of money into the new business. Feasibility studies determine whether the enterprise can make enough profits to pay off the interest and principal in a timely manner. Blank (1984) provides a framework for conducting an analysis of factors that directly influence the success of a business. As Blank notes, a complete analysis of directly influencing factors can be divided into three parts: (1) market determination; (2) raw product supply; (3) production process.

Market analysis estimates the demand for a new product offering and is used to project future sales revenue. In order to create demand for a product, the following components should be analyzed: consumption trends, distribution systems, market entry barriers, potential buyers, possible selling arrangements, sale prices. George et al. (2011), states 73% of agritourism operators believe word of mouth to be the most effective promotional strategy.

Economic availability of raw material needs to be determined before a business can enter into the production process. To determine raw material supply needs of a business, inferences need to be drawn for the following items: minimum economic size of the facility, production plant requirements, availability of requirements, and security of the supply stream.

Estimates from equipment wholesalers are important for predetermining the size of equipment, production space and raw material requirements. Available suppliers must be identified because it is important to understand their willingness to enter into long-term and short term contracts.

Production costs are the final costs accounted for in a feasibility study of directly

influencing factors. Production cost are determined to estimate capital requirements, financing requirements, and potential costs and returns from the operation.

### U.S. Microbrewery Industry

Two million Americans over 21-years-old, drink approximately 21 gallons (80 liters) of beer every year. Since the legalization of brewpubs in 1978, the number of breweries has increased from 600 breweries in 1994 to 1,500 in 2012. The growing number of practicing brewers indicates an increase in the diversity of beer styles, which signifies a shift in the demand for craft beer. The U.S. microbrewery market was highly volatile from 2000-2005 because more breweries closed than opened. However, 2011 recorded 250 brewery openings and 37 closings; resulting in a total of 100,000 employees. The craft brewing industry increased sales volume by 13%, and 15% by dollars in 2011, while the overall beer market was down about 2%. Also, craft brewers sold over a million more barrels in 2011 than they sold in 2010 (Brewers Association 2011). The eight biggest breweries account for about 90% of the industry revenue. SAB Miller, Anheuser-Busch, and Coors produce the following production share: A-B at 56%; Miller at 21%; Coors at 13% (Modern Brewery Age 2005).

As the number of breweries continues to rise, data shows no increase in the number of generalist breweries in America. Parcell and Woolverton (2008) discuss the causation of the microbrew movement, and the impact of economies of scale within the whole beer industry. Parcell and Woolverton (2008) discuss the resemblance the microbrewery movement has to an actual social movement. Additionally, Carrol and Swaminatha (2000) discuss why the number of small craft brewers in the U.S. has increased, even though the beer market has become increasingly dominated by mass-production brewing companies. Large scale competition has an

advantageous sociological impact on craft breweries. The craftsman style and the locally oriented identity microbrewers embody, allow them to generate revenue from a market segment mostly populated by beer enthusiasts. The increase of craft breweries is directing related to increasing resource space, outside the mass producers' target areas. Craft breweries compete in these 'outside lands', where mass-production breweries cannot reach. Carroll and Swaminatha (2000) utilized a compilation of life-history data, on the population of brewing firms opened from 1938 to 1997. The life history data was used to compute counts of density, foundings, and deaths on a per year basis. The study utilized qualitative and quantitative data to draw statistical inferences to determine organizational growth in generalist and specialists brewing operations. They found the microbrewery industry was much more competitive, but growing fast. They faced adversity when contrasting the organization growth of specialists breweries and generalists breweries because when generalists breweries were founded, there were no specialists breweries.

Kleban and Nickerson (2011) analyze the competitive factors in the craft brewing industry, and define different categories of craft breweries depending on their annual beer output. A large critical factor to the growingly competitive microbrewery industry is due to easy access to loans, which has created an explosive growth in the number of craft breweries operating in the US market. The microbrewery industry experiences the most competition because competitors compete for a small share of the beer industry. On the other hand, microbreweries have a competitive advantage in regards to their unique craft beverages that appeal to local consumers. Microbreweries increase their market share by increasing the awareness of their consumers, sustainable brewing and environmental stewardship, and by innovating their brands and product lines.

### NC and Rockingham County Market Overview

A determination of the financial health of the local industry is difficult because microbreweries in Rockingham County do not exist.

SRDS provides lifestyle analysis, market profiles, and demographic reports. Researchers can use SRDS to find lifestyle data on a city, county, state, region, or national basis. The lifestyle index for alcoholic beverages is highest for microbrews, which suggests that more and more people are drinking craft beer than any other alcoholic beverage. The county population is 93,643 and it is estimated that 12,681 of those people drink microbrew beer. The housing market compounded by an economic recession has slowed the population growth. Growth is expected to decrease to 0.2%, from 2018 to 2023. A large amount of visitors in Reidsville comes from Greensboro and other metropolitan areas around Rockingham County. Greensboro has the highest market potential for microbreweries in our area.



### Federal, State, and County Compliances

Brewers and all others who produce and sell alcohol must bear the burden of government mandates. Before a business can generate revenue, the federal, state, and county regulations and permits must be followed. 69% of agritourism operators in North Carolina reported negative statements about their counties' permit system and regulations. Due to the inherently dangerous nature of alcoholic beverages, businesses serving alcohol must undergo more harsh regulations than businesses that do not sell alcohol. A standard business license needs to be acquired and can be purchased through the county government. A building permit will need to be purchased from a cities' building services department. Renovated structures need to be permitted and regulated by the local government, so the new structure can be taxed and built according to city building code. Also, a beer manufacturers license needs to be purchased from the department of

Alcohol Beverage Control. A beer manufacturer's license authorizes the sale of beer, and permits consumer consumption of beer on the manufacturer's premises. The beer manufacturer's license permits beer tasting and minors are allowed on the premises as long as the proprietor operates under specific conditions, regulated by the NC State Board.

The state board requires certain financial records to be reported in order to determine the correct tax liability for the business owner. Brewers must follow the regulations laid before them in the North Carolina State Board Alcohol Beverage Tax Regulations and Instruction, which requires brewers to keep extensive record of business transactions; recording the volume of beer sold, down to the last bottle. The state of North Carolina levies excise tax on a per gallon basis, and requires the brewer to record who bought the alcohol, and the quantity sold to each retailer, wholesale distributor, or consumer.

Interviews with county officials and brewery operators, shared their perspectives of the brewery regulatory process in North Carolina. Also, county planners and environmental health specialists provided their personal insight on what they believe are the biggest obstacles within the brewery regulatory process. Reidsville and Rockingham County officials attributed the addition of breweries. Officials stated there has been a significant percent increase of interest in their county.

### Financial Statements

A balance sheet, income statement, and statement of cash flows are used to monitor and evaluate the health of a business. A balance sheet specifies information about a company's assets, liabilities, and equity. Assets include physical property like property, plant, and equipment, as well as intangible things like patents and trademarks. Liabilities are financial obligations the company owes to others; this can include borrowing of money from other companies, or payroll payable to employees. The following formula summarizes what LCB's balance sheet shows:

$$\text{ASSETS} = \text{LIABILITIES} + \text{SHAREHOLDERS' EQUITY}$$

The next two financial statements that are implemented in a feasibility study are the income and cash flows statements. The income statement reports how much revenue a company accrues over the course of a year. Income statements display net income, which is the difference between revenue and costs of revenue. Net income is calculated by subtracting operating expenses, depreciation of assets, taxes, and interest from the gross profit. According to the U.S. Securities and Exchange Commission, the statement of cash flows report a company's inflow and outflow of cash. Statement of cash flows displays how much cash a company has on hand at a given point in time, also known as "operating capital". High operating capital is a good indicator that a company can pay off their short-term obligations. These financial statements can be used to calculate Net Present Value, which draws inferences about a company's potential profitability.

### Company Valuation Techniques

Graham and Tennent (2005) discuss project appraisal technique that can be conducted through analysis of forecasted cash flows. Cash flows relevant to determining a companies' future success include sales, purchases, operating costs, tax payments and receipts. When evaluating a proposal with company valuation techniques, only cash flows from the initial investment and the operating activities should be used. Graham and Tennent (2005) describes project valuation techniques, such as Net Present Value (NPV) and Internal Rate of Return (IRR). Net Present Value may be used to determine whether to accept or reject a project. NPV sums up periods of cash inflows and outflows, less a discount rate, which calculates the present value of future values of net income. The summation of all the discounted cash flow periods is the net present worth of the project. The higher the NPV, the more attractive the project. The following displays the correct formula for calculating NPV:

$$NPV = ((\text{Sum of Expected Cash Flows}) / (1 + \text{Discount Rate}^{\text{period}})) - \text{Initial Investment.}$$

The IRR is a form of break even analysis, which will indicate the highest discount rate a project can support before a negative NPV is generated. IRR is difficult to calculate manually, but excel provides an IRR function which makes solving IRR much easier. IRR is a great measurement to use if the size of a project is infinitely variable, rendering the NPVs of projects useless for comparison.



## Chapter 3

### Data Collection

Lucky City Brewing (LCB) cannot become a reality until the resources needed for creating the business are defined. Capital debt requirements were defined in order for LCB to reach the production phase. The Building Department, Reidsville, sells the building permit, which must be paid for before construction can begin. The property has already been acquired, but labor will be needed to complete the renovations.

Volunteer labor will be used for non-skilled tasks, but specialists will need to be contracted to install utilities: electrical, plumbing, heating and air-conditioning, gas. Reedconstructiondata.com provides average construction costs on a per square foot basis. There are several estimates available, and each estimate assumes that certain aspects of the construction process have already been completed.

Assuming a building frame has already been erected, construction can be completed for \$79.67 a square foot. However, Rockingham County has a large availability of service workers, decreasing construction costs to \$65.00 a square foot. These estimates include contractors fees, architectural fees, and user fees. A brick frame building that's 60' wide and 90' long has already been acquired, so once the concrete is poured, a construction estimate of \$351,000 can be assumed. Concrete will cost about \$3.50 to \$5.50 per square foot, so assuming concrete costs \$4.50 is a sq. foot, the total construction cost will be \$469,900. The price of capital can be calculated by consulting a banker.

LCB will self perform the brewing system. LCB will use a CAD program to design a brewpub layout within the size parameters of the brewhouse. The CAD program will create a blue print of the interior layout of the brewery. After the interior layout has been determined, fixtures can be incorporated into the blueprint, which will provide an estimate on the cost to furnish the brewery. Fixtures will include the bar, tables, seating, appliances, and lighting. The fixtures will be aesthetically pleasing to the customer, and give the brewery its own personal style. LCB provides a pro forma statement, that displays a costs and sales projection for a brewery using a 5 barrel system. LCB pro forma statement includes all the direct manufacturing costs for producing the beer, and can be increased in scale for a larger barrel brewing system. Financial statements from LCB will provide a more realistic perspective on the sales revenue our microbrewery could expect to generate. Also, LCB's financial statements will show indirect costs of running a microbrewery.

## Data Analysis

The brewpub pro forma will serve as proxy for estimating operating costs and sales revenue. The proxy pro forma statements will first be used to create a pro forma income statement, which will account for all the liabilities and assets the project requires. Also, LCB's pro forma income statement will incorporate a sales revenue estimate.

Once a base forecast is created for LCB, income will be forecasted 5 years into the future. The income statements will be used to conduct a Return on Investment analysis, which will include calculating Net Present Value and the Internal Rate of Return for this project. If positive ROI, NPV and IRR are realized, Lucky City Brewing will be an attractive business venture for investors, lenders, and the owners of Lucky City Brewing.



### Assumptions

The property will be sold to the proprietors of LCB for \$1. It is assumed that the financial statement provided by Lucky City Brewing are valid, and realistic. It is assumed that the utility prices in North Carolina will remain at present values, and that the existing volatility of the microbrewery market in North Carolina will experience minimal change.

### Limitations

Estimating the sales revenue for LCB's financial statements will not provide an absolutely accurate indicator of the potential sales revenue. There are currently no microbreweries in Rockingham County, so it is difficult to assume how the market will react to a new brewery. Analyzing the financial statements of the existing businesses in surrounding areas would help for determining sales revenue, but that information may be confidential and difficult to acquire.

---

## Chapter 4

### Development of the Study

A feasibility study must estimate costs and revenue in order to determine if a prospective project will be financially sound. Financial records for privatized microbreweries are difficult to obtain, but through online search, anonymous breweries shared their financials. Some financial statements were a great reference for deciphering which types of permits, fees, and marginal costs would be incurred. Also, beta helped for determining fixed costs and estimating revenue. I included all of the fixed cost incurred, excluding several costs I deemed not prevalent to LCB's situation.

Determining fixed costs was challenging because the information was not as centralized as the variable costs. Some financial statements helped centralize many of the fixed cost, but some costs would be unique for LCB. I was able to estimate many of these fixed costs through online sources, including: property taxes, facility lighting, Alcohol and Beverage Control fees, and construction costs. The online construction estimate was compatible to this scenario because the estimate assumed an existing building and concrete foundation already be obtained. Lucky City Brewing owns a building, so an online concrete calculator helped estimate the price of pouring the concrete floor, which completed the construction estimate. The property is located downtown bordered by city streets and parking, so grading and excavation costs are not included. Local supply companies provided quotes for brewing systems. My total cost pro forma includes a 5 barrel electric brew system built in-house because this system was substantially cheaper than the quotes provided.

LCB obtained a brewpub pro forma which is used to determine operational cost on a 10 barrel basis. This pro forma includes all the costs for making the beer, including labor, utilities and taxes. \$1,170 in revenue will be generated per barrel of beer sold at \$5 a pint. This linear profit line will realize an 88% contribution margin, and only 12% cost of goods sold for every 4 barrels of beer sold. The biggest challenge was determining how fast Lucky City Brewing could turnover their inventory.

Revenue generated by private microbreweries is confidential information. Breweries near LCB's location refused to release their financial records. The financial records obtained online became the primary resource for forecasting LCB's revenue. The strengths and weaknesses of operating a microbrewery in Reidsville NC and online reports were compared to determine if LCB and anonymous reports compete in similar enough markets to be comparable.

LCB and the closest financials are both growing in population at the rate of .2% and .8%. These breweries' primary market segment includes *married, professionally attained males, 18-49 years old, with a household income of at least \$40,000*. SDRS states there are more households earning over \$40,000 in Reidsville than the compared area, and educational attainment in both areas is almost equal; except in the doctoral degree range, where Rockingham County is lower than most North Carolina counties. There are more married couples in Reidsville, but fewer people report to be microbrew drinkers.

Income statements and balance sheets were created according to 25%, 50%, and 75% of the sampled brewery's sales revenue amount. LCB will take out an 8 year, \$400,000 note at a 5% interest rate and each year a payment of approximately \$64,000 is made; refer to the appendix to see the amortization table and financial statements. In order to determine NPV, the weighted average cost of capital had to be calculated (WACC). Determining the rate of equity (ROE) was the most difficult component of the WACC equation to solve. I calculated an average ROE of 12.67% from three brewing entities: Craft Brew Alliance, Boston Beer Co., Molson Coors Brewing Company (Finviz.com). Each year costs become a smaller percentage of the revenue, allowing LCB to obtain positive net present values by year 8. NPV and IRR were calculated for the three different revenue circumstances. Naturally, NPV grew as LCB assumes larger revenue at year 1; NPV will be highest if LCB generates 75% of the revenue that the comparison generated recently. NPV values at 25%, 50%, and 75% are as follows: \$-293,373.67; \$19,731.02; \$336,171.02. Refer to the appendix to see a breakdown of the future values used to calculate NPV and to see the IRR values. The large contribution generated by the sale of each batch of beer, and the linear profit line, explains the wide range of profitability depicted by the NPV results.





## Chapter 5

### Summary

Creating a feasibility study for Lucky City Brewing was a difficult endeavor because of the exclusive beta needed to complete the revenue forecast. Thanks to online statements, LCB was able to accurately project revenue for three different circumstances (25%, 50%, and 75% of the comparable sales revenue). It was determined that LCB would not be profitable at 25%, and needed to make at least \$90,058 a year to break even (refer to appendix c for the respective graph). An 8 year loan of \$400,000, a \$265,000 grant and an owner's contribution of \$75,000 was requisite to finance the \$740,000 worth of assets needed, and to pay down \$16,000 of fixed costs. If LCB is able to generate 50% of the revenue that the comparable financials generated, we will realize a NPV of \$19,731.02 and an IRR of 6%. At 75% LCB will obtain a NPV of \$336,171.02 and an IRR of 17%

Producing beer is fairly cheap and if LCB runs an efficient operation they will generate an 88% contribution margin. This high contribution margin is characteristic to the enormous increase of NPV from 50% to 75% of the comparable brewery's revenue. After year 8, and the costs decrease tremendously, LCB will continue to increase their profit margins, hopefully allowing them to expand their distribution channels. LCB's target market is very similar to the compared target market as far as the type of person, but there will be less market demand in Rockingham County. It is unlikely LCB will generate as much revenue as their southern brewing counterparts, however their odds of breaking even are definite if they can sell at least 120 barrels a year.



**APPENDIX A**  
**Total Costs including the first 10 Barrels of Production**

<b>Fixed Expenses</b>	
ABC Fee	\$ 400.00
Long Term Note Payable	\$ 64,414.00
ATF Fee	\$ 450.00
Reidsville Business License	\$ 50.00
Property Tax	\$ 1,900.00
Fire Insurance	\$ 250.00
Liability Insurance	\$ 3,000.00
Advertising	\$ 5,000.00
Miscellaneous cost	\$ 900.00
Bar Supplies	\$ 350.00
<b>Total Fixed Costs</b>	<b>\$ 76,754.00</b>
<b>Variable Expenses</b>	
Malt	\$ 300.00
Yeast	\$ 500.00
Hops	\$ 350.00
Filter Sheets	\$ 0.00
Water(Gallons)	\$ 4.00
Sewer Charges	\$ 9.00
Electrial	\$ 25.00
Natural Gas	\$ 0.00
CO2	\$ 10.00
Cleaning Chemicals	\$ 30.00
Federal Taxes	\$ 180.00
State Taxes	\$ 195.00
Labor	\$ 366.00
<b>Total Variable Costs</b>	<b>\$ 1,969.00</b>
<b>Total Cost</b>	<b>\$ 78,723.00</b>



## Appendix B

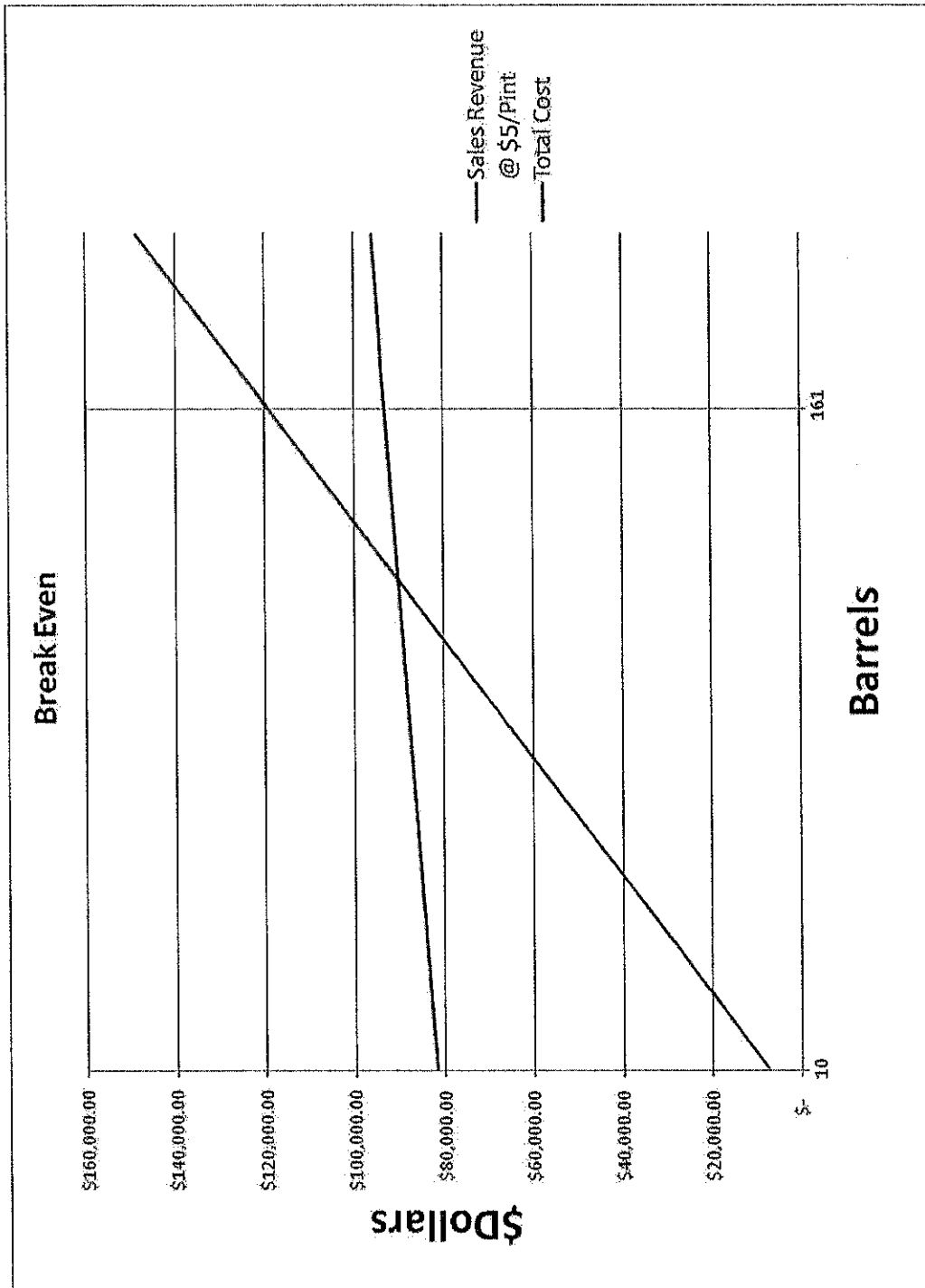
<b>Lucky City Brewing</b>								
<b>Income Statement 75% Forecast</b>								
<b>Years 2019-2027</b>								
\$	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<b>ASSETS</b>								
<b>CURRENT ASSETS</b>								
Cash	\$ 74,998.00	\$ 124,446.85	\$ 188,096.51	\$ 272,553.67	\$ 381,979.82	\$ 510,253.22	\$ 671,614.71	\$ 872,681.93
Inventories	\$ -	\$ 18,735.40	\$ 22,482.48	\$ 26,978.97	\$ 32,374.77	\$ 38,849.72	\$ 46,619.66	\$ 55,943.59
Total Current Assets	\$ 74,998.00	\$ 143,182.25	\$ 210,578.99	\$ 299,532.64	\$ 414,354.58	\$ 549,102.94	\$ 718,234.38	\$ 928,625.52
Long Term Assets	\$ 375,001.70	\$ 360,206.34	\$ 345,444.99	\$ 330,710.83	\$ 315,998.44	\$ 301,928.45	\$ 287,247.39	\$ 272,577.47
<b>TOTAL ASSETS</b>	\$ 450,000.00	\$ 503,388.59	\$ 556,023.98	\$ 630,243.47	\$ 730,353.02	\$ 851,031.39	\$ 1,005,481.77	\$ 1,201,202.99
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>								
<b>CURRENT LIABILITIES</b>								
Payroll Payable	\$ -	\$ 1,685.25	\$ 2,022.31	\$ 2,426.77	\$ 2,912.12	\$ 3,494.54	\$ 4,193.45	\$ 5,032.14
Accounts Payable to Suppliers	\$ -	\$ 1,873.54	\$ 2,248.25	\$ 2,697.90	\$ 3,237.48	\$ 3,884.97	\$ 4,661.97	\$ 5,594.36
Total Current Liabilities	\$ -	\$ 3,558.79	\$ 4,270.55	\$ 5,124.66	\$ 6,149.60	\$ 7,379.52	\$ 8,855.42	\$ 10,626.50
LONG TERM DEBT (less current p	\$ 400,000.00	\$ 359,585.62	\$ 316,746.38	\$ 271,336.79	\$ 223,202.62	\$ 172,180.40	\$ 118,096.85	\$ 60,768.28
Total Liabilities	\$ 400,000.00	\$ 366,703.21	\$ 325,287.49	\$ 281,586.12	\$ 235,501.81	\$ 186,939.43	\$ 135,807.68	\$ 82,021.29
<b>STOCKHOLDERS' EQUITY</b>								
Owner's Equity	\$ 50,000.00	\$ 93,244.40	\$ 135,376.42	\$ 184,552.94	\$ 241,812.15	\$ 297,889.88	\$ 361,234.95	\$ 433,616.67
Retained Earnings		\$ 43,440.98	\$ 95,360.08	\$ 164,104.41	\$ 253,039.06	\$ 366,202.08	\$ 508,439.14	\$ 685,565.03
Total Equity	\$ 50,000.00	\$ 136,685.38	\$ 230,736.49	\$ 348,657.36	\$ 494,851.22	\$ 664,091.96	\$ 869,674.09	\$ 1,119,181.70
<b>TOTAL LIABILITIES &amp; EQUITY</b>	\$ 450,000.00	\$ 503,388.59	\$ 556,023.98	\$ 630,243.47	\$ 730,353.03	\$ 851,031.39	\$ 1,005,481.77	\$ 1,201,202.99

[illegible]

# Appendix B (Cont.)

Lucky City Brewing									
Income Statement 25% Forecast									
Years 2019-2027									
\$	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
<b>ASSETS</b>									
<b>CURRENT ASSETS</b>									
Cash	\$ 74,998.30	\$ 57,143.43	\$ 48,038.72	\$ 49,618.20	\$ 61,148.47	\$ 84,737.13	\$ 117,768.29	\$ 165,869.74	\$ 232,055.52
Inventories	\$ -	\$ 6,245.13	\$ 7,494.16	\$ 8,992.99	\$ 10,791.59	\$ 12,949.91	\$ 15,539.89	\$ 18,647.86	\$ 22,377.44
Total Current Assets	\$ 74,998.30	\$ 63,388.57	\$ 55,532.88	\$ 58,611.19	\$ 71,940.06	\$ 97,687.04	\$ 133,308.18	\$ 184,517.60	\$ 254,432.95
Long Term Assets	\$ 375,001.70	\$ 360,206.34	\$ 345,444.99	\$ 330,710.83	\$ 315,998.44	\$ 301,978.45	\$ 287,247.39	\$ 272,577.47	\$ 261,345.04
<b>TOTAL ASSETS</b>	\$ 450,000.00	\$ 423,594.91	\$ 400,977.87	\$ 389,322.02	\$ 387,938.50	\$ 399,615.49	\$ 420,555.57	\$ 457,095.07	\$ 515,777.99
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>									
<b>CURRENT LIABILITIES</b>									
Payroll Payable	\$ -	\$ 561.75	\$ 674.10	\$ 808.92	\$ 970.71	\$ 1,164.85	\$ 1,397.82	\$ 1,677.38	\$ 2,012.86
Accounts Payable to Suppliers	\$ -	\$ 624.51	\$ 749.42	\$ 899.30	\$ 1,079.16	\$ 1,294.99	\$ 1,553.99	\$ 1,864.79	\$ 2,237.74
Total Current Liabilities	\$ -	\$ 1,186.26	\$ 1,423.52	\$ 1,708.22	\$ 2,049.87	\$ 2,459.84	\$ 2,951.81	\$ 3,542.17	\$ 4,250.60
LONG TERM DEBT (less current p	\$ 400,000.00	\$ 359,585.62	\$ 316,746.38	\$ 271,336.79	\$ 223,202.62	\$ 172,180.40	\$ 118,096.85	\$ 60,768.28	\$ 0.00
Total Liabilities	\$ 400,000.00	\$ 361,958.15	\$ 319,593.42	\$ 274,753.23	\$ 227,302.35	\$ 177,100.08	\$ 124,000.46	\$ 67,852.62	\$ 8,501.20
<b>STOCKHOLDERS' EQUITY</b>									
Owner's Equity	\$ 50,000.00	\$ 85,233.88	\$ 121,135.88	\$ 159,521.65	\$ 199,087.54	\$ 240,054.99	\$ 279,095.23	\$ 317,636.09	\$ 347,870.92
Retained Earnings	\$ (23,597.12)	\$ (39,751.43)	\$ (44,952.86)	\$ (38,451.39)	\$ (17,539.57)	\$ (17,539.57)	\$ 17,459.88	\$ 71,606.37	\$ 159,405.87
Total Equity	\$ 50,000.00	\$ 61,636.76	\$ 81,384.45	\$ 114,568.79	\$ 160,636.15	\$ 222,515.42	\$ 296,555.11	\$ 389,242.46	\$ 507,276.79
<b>TOTAL LIABILITIES &amp; EQUITY</b>	\$ 450,000.00	\$ 423,594.91	\$ 400,977.86	\$ 389,322.02	\$ 387,938.50	\$ 399,615.49	\$ 420,555.57	\$ 457,095.07	\$ 515,777.99

# Appendix C



Breakeven point at \$90,058 and 120 barrels sold

## Appendix D

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
<b>NPV @ 25%</b>									
WACC									
FV	\$ (450,000)	\$ (17,854.87)	\$ (9,104.71)	\$ 1,579.48	\$ 11,530.27	\$ 23,588.67	\$ 33,031.16	\$ 48,101.44	\$ 66,185.78
NPV	<b>(\$293,373.67)</b>								
IRR	-13%								
<b>NPV @ 50%</b>									
WACC									
FV	\$ (450,000)	\$ 21,729.42	\$ 30,356.65	\$ 44,892.03	\$ 59,488.16	\$ 79,463.36	\$ 103,433.59	\$ 121,655.78	\$ 153,420.35
NPV	\$19,731.02								
IRR	6%								
<b>NPV @ 75%</b>									
WACC									
FV	\$ (450,000)	\$ 49,448.55	\$ 63,649.66	\$ 84,457.16	\$ 109,426.15	\$ 128,273.40	\$ 161,361.50	\$ 201,067.21	\$ 240,093.14
NPV	\$336,171.02								
IRR	17%								

## Appendix E

Amortization Table					
time	payment	principal outstanding beginning	interest	principal outstanding end	Principal Reduction
0	\$0	\$ -	\$ -	\$ 400,000	\$0
1	<b>(\$64,414)</b>	\$ 400,000	\$ 24,000	\$ 359,586	<b>(\$40,414)</b>
2	<b>(\$64,414)</b>	\$ 359,586	\$ 21,575	\$ 316,746	<b>(\$42,839)</b>
3	<b>(\$64,414)</b>	\$ 316,746	\$ 19,005	\$ 271,337	<b>(\$45,410)</b>
4	<b>(\$64,414)</b>	\$ 271,337	\$ 16,280	\$ 223,203	<b>(\$48,134)</b>
5	<b>(\$64,414)</b>	\$ 223,203	\$ 13,392	\$ 172,180	<b>(\$51,022)</b>
6	<b>(\$64,414)</b>	\$ 172,180	\$ 10,331	\$ 118,097	<b>(\$54,084)</b>
7	<b>(\$64,414)</b>	\$ 118,097	\$ 7,086	\$ 60,768	<b>(\$57,329)</b>
8	<b>(\$64,414)</b>	\$ 60,768	\$ 3,646	\$ 0	<b>(\$60,768)</b>



[illegible]

# Appendix F (Cont.)

Lucky City Brewing								
Income Statement 50% Forecast								
Years 2019-2027								
(\$)								
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Forecast								
NET REVENUES	\$ 104,485.79	\$ 125,382.94	\$ 150,459.53	\$ 180,551.44	\$ 216,661.72	\$ 259,994.07	\$ 311,992.88	\$ 374,391.46
% of COGS	11.95%	11.95%	11.95%	11.95%	11.95%	11.95%	11.95%	11.95%
COST OF GOODS SOLD	\$ 12,490.26	\$ 14,988.32	\$ 17,985.98	\$ 21,583.18	\$ 25,899.81	\$ 31,079.77	\$ 37,295.73	\$ 44,754.88
GROSS PROFIT	\$ 91,995.52	\$ 110,394.62	\$ 132,473.55	\$ 158,968.26	\$ 190,761.91	\$ 228,914.29	\$ 274,697.15	\$ 329,636.58
% of Revenues	88.05%	88.05%	88.05%	88.05%	88.05%	88.05%	88.05%	88.05%
Expenses								
Paid Principal	\$ 40,414.38	\$ 42,839.24	\$ 45,409.59	\$ 48,134.17	\$ 51,022.22	\$ 54,083.55	\$ 57,328.57	\$ 60,768.28
Depreciation Expense	\$ 14,795.36	\$ 14,761.36	\$ 14,734.16	\$ 14,712.40	\$ 14,069.99	\$ 14,681.06	\$ 14,669.92	\$ 11,232.44
Total Fixed Expenses	\$ 55,209.73	\$ 57,600.59	\$ 60,143.75	\$ 62,846.56	\$ 65,092.21	\$ 68,764.61	\$ 71,998.49	\$ 72,000.72
% of Revenues	52.84%	45.94%	39.97%	34.81%	30.04%	26.45%	23.08%	19.23%
EARNINGS BEFORE INTEREST & TAXES	\$ 36,785.79	\$ 52,794.03	\$ 72,329.80	\$ 96,121.69	\$ 125,669.70	\$ 160,149.68	\$ 202,698.67	\$ 257,635.87
INTEREST INCOME / (EXPENSE)	\$ 24,000.00	\$ 21,575.14	\$ 19,004.78	\$ 16,280.21	\$ 13,392.16	\$ 10,330.82	\$ 7,085.81	\$ 3,646.10
Net Earnings	\$ 12,785.79	\$ 31,218.89	\$ 53,325.02	\$ 79,841.49	\$ 112,277.55	\$ 149,818.86	\$ 195,612.86	\$ 253,989.77
Income Tax	\$ 6,975.23	\$ 15,848.30	\$ 23,436.78	\$ 35,389.29	\$ 47,272.46	\$ 61,532.26	\$ 89,186.12	\$ 112,472.81
Cash Reconciliation								
net income	\$ 12,785.79	\$ 31,218.89	\$ 53,325.02	\$ 79,841.49	\$ 112,277.55	\$ 149,818.86	\$ 195,612.86	\$ 253,989.77
Depreciation	\$ 14,795.36	\$ 14,761.36	\$ 14,734.16	\$ 14,712.40	\$ 14,069.99	\$ 14,681.06	\$ 14,669.92	\$ 11,232.44
Payables not paid in cash	\$ 1,123.50	\$ 224.70	\$ 269.64	\$ 323.57	\$ 388.28	\$ 465.94	\$ 559.13	\$ 670.95
Cash Earnings	\$ 21,729.42	\$ 30,356.65	\$ 44,892.03	\$ 59,488.16	\$ 79,463.36	\$ 103,433.59	\$ 121,655.78	\$ 153,420.35

# Appendix F (Cont.)

Lucky City Brewing								
Income Statement 25% Forecast								
Years 2019-2027								
(\$)		Forecast						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
NET REVENUES	\$ 52,242.89	\$ 62,691.47	\$ 75,229.77	\$ 90,275.72	\$ 108,330.86	\$ 129,997.03	\$ 155,996.44	\$ 187,195.73
% of COGS	11.95%	11.95%	11.95%	11.95%	11.95%	11.95%	11.95%	11.95%
COST OF GOODS SOLD	\$ 6,245.13	\$ 7,494.16	\$ 8,992.99	\$ 10,791.59	\$ 12,949.91	\$ 15,539.89	\$ 18,647.86	\$ 22,377.44
GROSS PROFIT	\$ 45,997.76	\$ 55,197.31	\$ 66,236.77	\$ 79,484.13	\$ 95,380.96	\$ 114,457.15	\$ 137,348.58	\$ 164,818.29
% of Revenues	88.05%	88.05%	88.05%	88.05%	88.05%	88.05%	88.05%	88.05%
Expenses								
Paid Principal	\$ 40,414.38	\$ 42,839.24	\$ 45,409.59	\$ 48,134.17	\$ 51,022.22	\$ 54,083.55	\$ 57,328.57	\$ 60,768.28
Depreciation Expense	\$ 14,795.36	\$ 14,761.36	\$ 14,734.16	\$ 14,712.40	\$ 14,069.99	\$ 14,681.06	\$ 14,669.92	\$ 11,232.44
Total Fixed Expenses	\$ 55,209.73	\$ 57,600.59	\$ 60,143.75	\$ 62,846.56	\$ 65,092.21	\$ 68,764.61	\$ 71,998.49	\$ 72,000.72
% of Revenues	105.68%	91.88%	79.95%	69.62%	60.09%	52.90%	46.15%	38.46%
EARNINGS BEFORE INTEREST & TAXES	\$ (9,211.97)	\$ (2,403.28)	\$ 6,093.03	\$ 16,637.56	\$ 30,288.75	\$ 45,692.53	\$ 65,350.09	\$ 92,817.58
INTEREST INCOME / (EXPENSE)	\$ 24,000.00	\$ 21,575.14	\$ 19,004.78	\$ 16,280.21	\$ 13,392.16	\$ 10,330.82	\$ 7,085.81	\$ 3,646.10
Net Earnings	\$ (33,211.97)	\$ (23,978.42)	\$ (12,911.76)	\$ 357.36	\$ 16,896.59	\$ 35,361.71	\$ 58,264.28	\$ 89,171.48
Tax	\$ -	\$ -	\$ 377.74	\$ 3,701.26	\$ 7,572.05	\$ 17,244.58	\$ 25,112.32	\$ 34,553.61
Cash Reconciliation								
net income	\$ (33,211.97)	\$ (23,978.42)	\$ (12,911.76)	\$ 357.36	\$ 16,896.59	\$ 35,361.71	\$ 58,264.28	\$ 89,171.48
Depreciation	\$ 14,795.36	\$ 14,761.36	\$ 14,734.16	\$ 14,712.40	\$ 14,069.99	\$ 14,681.06	\$ 14,669.92	\$ 11,232.44
Payables not paid in cash	\$ 561.75	\$ 112.35	\$ 134.82	\$ 161.78	\$ 194.14	\$ 232.97	\$ 279.56	\$ 335.48
Cash Earnings	\$ (17,854.87)	\$ (9,104.71)	\$ 1,579.48	\$ 11,530.27	\$ 23,588.67	\$ 33,031.16	\$ 48,101.44	\$ 66,185.78

# Lucky City Brewing Company, Inc

## BALANCE SHEET

As of October 5, 2020

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
BUSINESS COMPANION NO OD (2)	36,967.26
BUSINESS SAVINGS (1)	95.46
Cash on hand	200.00
<b>Total Bank Accounts</b>	<b>\$37,262.72</b>
Accounts Receivable	
Accounts Receivable (A/R)	0.00
<b>Total Accounts Receivable</b>	<b>\$0.00</b>
<b>Total Current Assets</b>	<b>\$37,262.72</b>
Fixed Assets	
Building Construction Expenses	175,674.98
Fixed Assets	161,486.00
<b>Total Fixed Assets</b>	<b>\$337,160.98</b>
<b>TOTAL ASSETS</b>	<b>\$374,423.70</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	45,075.30
<b>Total Accounts Payable</b>	<b>\$45,075.30</b>
Other Current Liabilities	
Payroll Liabilities	
Federal Taxes (941/944)	5,707.84
Federal Unemployment (940)	91.66
NC Income Tax	801.00
NC Unemployment Tax	258.75
<b>Total Payroll Liabilities</b>	<b>6,859.25</b>
Property Tax	-5,754.31
Sales Tax Payable	
<b>Total Other Current Liabilities</b>	<b>\$1,104.94</b>
<b>Total Current Liabilities</b>	<b>\$46,180.24</b>
Long-Term Liabilities	
Notes Payable	136,897.84
<b>Total Long-Term Liabilities</b>	<b>\$136,897.84</b>
<b>Total Liabilities</b>	<b>\$183,078.08</b>
Equity	
Building	161,485.00
Investment Share	12,871.00
Member Share	76,106.35
Opening Balance Equity	95.00
Retained Earnings	-21,380.79
Net Income	-37,830.94
<b>Total Equity</b>	<b>\$191,345.62</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$374,423.70</b>

# Lucky City Brewing Company, Inc

## PROFIT AND LOSS

January 1 - October 5, 2020

	TOTAL
Income	
Sales Of Promotional Items	113.21
Uncategorized Income	8,634.12
<b>Total Income</b>	<b>\$8,747.33</b>
GROSS PROFIT	<b>\$8,747.33</b>
Expenses	
Advertising	174.31
Bank Charges	132.00
Dues & Subscriptions	309.00
Insurance	5,024.76
Interest Expense	140.66
Legal & Professional Fees	3,371.61
Office Expenses	3,876.58
Payroll Expenses	
Taxes	2,329.85
Wages	25,875.18
<b>Total Payroll Expenses</b>	<b>28,205.03</b>
Promotional	808.08
Subcontractors	2,442.00
Supplies	884.00
Utilities	1,174.49
<b>Total Expenses</b>	<b>\$46,542.52</b>
NET OPERATING INCOME	<b>\$ -37,795.19</b>
Other Income	
Interest Earned	35.43
<b>Total Other Income</b>	<b>\$35.43</b>
Other Expenses	
Miscellaneous	71.18
<b>Total Other Expenses</b>	<b>\$71.18</b>
NET OTHER INCOME	<b>\$ -35.75</b>
NET INCOME	<b>\$ -37,830.94</b>



# Lucky City Brewing Company, Inc

## STATEMENT OF CASH FLOWS

January 1 - October 5, 2020

	TOTAL
<b>OPERATING ACTIVITIES</b>	
Net Income	-37,830.94
Adjustments to reconcile Net Income to Net Cash provided by operations:	
Accounts Receivable (A/R)	-7,000.00
Accounts Payable (A/P)	39,630.86
Payroll Liabilities:Federal Taxes (941/944)	5,707.84
Payroll Liabilities:Federal Unemployment (940)	91.66
Payroll Liabilities:NC Income Tax	801.00
Payroll Liabilities:NC Unemployment Tax	258.75
Property Tax	-2,905.64
<b>Total Adjustments to reconcile Net Income to Net Cash provided by operations:</b>	<b>36,584.47</b>
<b>Net cash provided by operating activities</b>	<b>\$ -1,246.47</b>
<b>INVESTING ACTIVITIES</b>	
Building Construction Expenses	-157,556.42
<b>Net cash provided by investing activities</b>	<b>\$ -157,556.42</b>
<b>FINANCING ACTIVITIES</b>	
Notes Payable	118,390.23
Investment Share	1,000.00
Member Share	4,171.80
<b>Net cash provided by financing activities</b>	<b>\$123,562.03</b>
<b>NET CASH INCREASE FOR PERIOD</b>	<b>\$ -35,240.86</b>
Cash at beginning of period	72,503.58
<b>CASH AT END OF PERIOD</b>	<b>\$37,262.72</b>

## Closing North Carolina's Coverage Gap

# Rockingham County

### What is the coverage gap?

Today, thousands of people in Rockingham County cannot get health care when they need it because they can't afford health insurance. Many of these people are in the "coverage gap," meaning their incomes are too low to get a subsidy on healthcare.gov, but they don't qualify for Medicaid.

North Carolina can close its coverage gap by allowing these people to enroll in the Medicaid program. Closing the coverage gap means better health, more jobs for the community and more resources to combat the opioid epidemic ravaging our communities.

### Impact in Rockingham County if North Carolina closes its coverage gap:

#### 1. Closing the coverage gap would expand access to affordable care.

- Approximately 5,846 additional people in Rockingham County would gain access to coverage.<sup>1</sup>

#### 2. Closing the coverage gap would create local jobs and help the economy.

- 270 new jobs in Rockingham County.<sup>1</sup>
- \$44,300,000 in Rockingham County business activity.<sup>1</sup>
- \$699,500 in new county revenue.<sup>1</sup>

#### 3. Closing the coverage gap is necessary to fight the opioid crisis.

- Hundreds of uninsured local people with substance use disorders could receive treatment.
- In 2017, there were 19 opioid deaths and 73 emergency department visits for opioid overdose in Rockingham County.<sup>2</sup>
- Opioid deaths in Dayton, Ohio have fallen by 54%, thanks largely to closing coverage gap.
- "Thank God we expanded Medicaid." — **Ohio Gov. John Kasich, 2018**

#### 4. Zero dollars in new state taxes for Rockingham families.

- Federal government would pay 90% of costs.
- Remaining 10% would be funded by a small assessment on hospitals and other health care providers.
- "There's no doubt it's been helpful...We've been able to do it to date without a single New Hampshire taxpayer dollar. No state taxes go into it." — **New Hampshire Gov. Chris Sununu, 2017**

<sup>1</sup> Ku, L., Bruen, B & Brantley, E. (2019). The Economic and Employment Costs of Not Expanding Medicaid in North Carolina: A 2019 Update. <https://www.conehealthfoundation.com/foundation/nc-medicaid-expansion/>

<sup>2</sup> NC Opioid Action Plan Data Dashboard. <https://injuryfreenc.shinyapps.io/OpioidActionPlan/>

## THE BENEFITS OF EXPANDING MEDICAID FOR ROCKINGHAM COUNTY

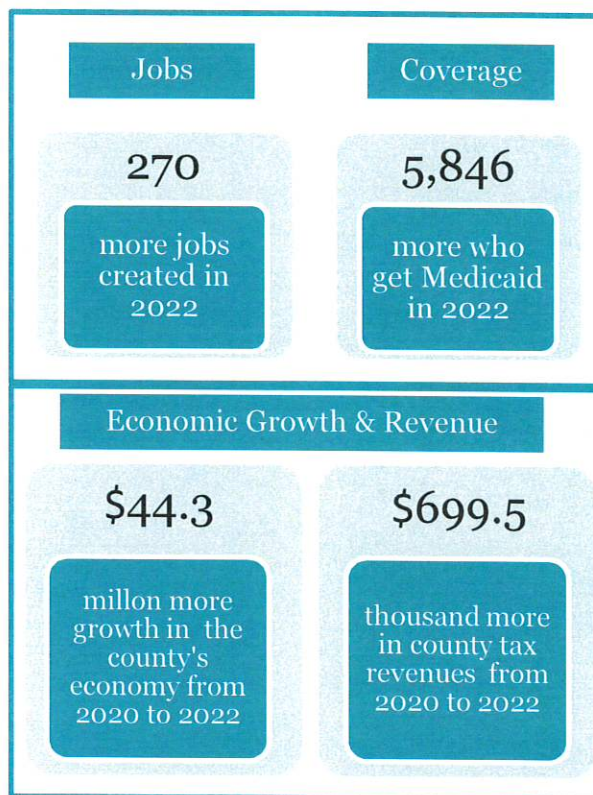
North Carolina has the opportunity to join most other states by expanding Medicaid eligibility for low-income residents. Current income limits for Medicaid eligibility in North Carolina rank below all but eight states.

New analyses by the Center for Health Policy Research at George Washington University indicate that expanding Medicaid this year will lead to greater economic activity and employment because billions of additional federal dollars will flow in to support the costs of insurance expansions.

If North Carolina expands Medicaid, the state would receive \$11.7 billion more in federal funding from 2020 to 2022. By 2022, over 600,000 additional North Carolinians will have Medicaid coverage.

Medicaid expansion would be an engine for economic growth that creates over 37,000 more jobs by 2022. It would also increase state and county tax revenues by over \$600 million from 2020 to 2022.

In **Rockingham County**, expanding Medicaid would lead to:



About half the jobs created would be in health care (such as hospitals or clinics), while almost half would be in other sectors, such as construction or retail and wholesale trade. This ripple effect occurs because Medicaid funding received by hospitals, clinics or drug stores is used to pay workers' salaries and to buy other goods and services. The economic benefits multiply as these funds are, in turn, used to pay for mortgages or rent, buy food and pay state and county taxes.

Expansion of Medicaid will not only help more people get access to affordable health care, it can serve promote economic development and job creation across the state.

For more information, see "The Economic and Employment Benefits of Expanding Medicaid in North Carolina: A 2019 Update" at [www.NCMedicaidExpansion.com](http://www.NCMedicaidExpansion.com).





THE CITY OF  
**Reidsville**  
NORTH CAROLINA

230 W. Morehead Street • Reidsville, North Carolina 27320 • (336) 349-1030 • Fax (336) 342-3649

## **Reidsville City Council Resolution in Support of Closing the Health Insurance Gap**

**WHEREAS**, healthy citizens and access to affordable health care are key to the Rockingham County economy;

**WHEREAS**, closing the health insurance coverage gap is a critical step towards extending health insurance to the approximately 5,846 uninsured individuals in Rockingham County and close the gap for over 700,000 across the entire state;

**WHEREAS**, closing the health insurance coverage gap would drive new business and healthcare activity in Rockingham County and create 270 new jobs;

**WHEREAS**, federal funding will cover 90% of costs for states closing the health insurance coverage gap to citizens who need access to affordable health insurance.

**THEREFORE, BE IT RESOLVED THAT:**

The Reidsville City Council urges the North Carolina General Assembly to close the health insurance coverage gap in North Carolina.

This resolution shall be effective on and after its passage and shall be shared with the members of Reidsville City Council's General Assembly delegation.

ADOPTED UNANIMOUSLY, THIS 13<sup>th</sup> DAY OF OCTOBER, 2020.

ATTEST:

\_\_\_\_\_  
Angela G. Stadler, CMC/NCCMC  
City Clerk

\_\_\_\_\_  
John M. "Jay" Donecker VMD, MS  
Mayor



THE CITY OF  
**Reidsville**  
NORTH CAROLINA

230 W. Morehead Street • Reidsville, North Carolina 27320 • (336) 349-1030 • Fax (336) 342-3649

*Office of the City Manager*

**MEMORANDUM**

**TO:** The Honorable Mayor Donecker and Members of Reidsville City Council  
**FROM:** Preston Mitchell, City Manager  
**SUBJ:** City Manager's Monthly Report  
**DATE:** October 13, 2020

1. 2020 US Census Self-Response Rate Update
  - a. The US Census has been extended for the month of October so we encourage you to continue to spread the word to get more citizens to complete the Census.
  - b. Our self-response rate continues to climb, but we still have census tracts we need to improve upon.
  - c. The City is continuing its efforts of offering citizens the ability to complete the Census at Team Reidsville mask giveaways. We are trying to schedule several of these for October.
2. Drive Thru Trick or Treat
  - a. Thursday, October 29<sup>th</sup> at 6 pm to 8 pm at Jaycee Park.
  - b. It will be first come, first served with a limited amount of candy so we encourage people to arrive early for this socially distanced event. The flyer for the event is behind the Miscellaneous tab.
3. Press Release Event
  - a. This is a reminder about the press release event being held on Tuesday, October 13<sup>th</sup> that will begin at 4 pm (before the City Council meeting) along Gilmer Street. The press release is behind the Miscellaneous tab.

*"Live Simply. Think Big."*





THE CITY OF  
**Reidsville**  
NORTH CAROLINA

230 W. Morehead Street • Reidsville, North Carolina 27320 • (336) 349-1030 • Fax (336) 342-3649

**MEMORANDUM**

**TO:** Preston W. Mitchell, City Manager  
**FROM:** Angela G. Stadler, CMC, City Clerk *ajf*  
**SUBJ:** Board/Commission Appointments for October 13, 2020  
**DATE:** October 6, 2020

The following application has been received for appointment to the Commission listed:

**Reidsville Human Relations Commission**

Kaylee Hensley has applied for one of the two County high school student positions on the Reidsville Human Relations Commission. If she is appointed, there will be three adult positions open and one County high school student position available.

**ADDITIONAL VACANCIES**

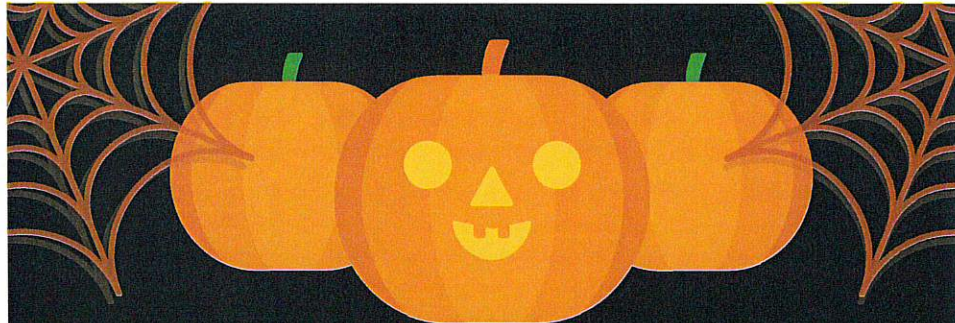
In addition to the vacancies mentioned above, the following openings on other boards and commissions of the City will be advertised for consideration at the November 10, 2020 City Council meeting.

- One three-year term on the Reidsville ABC Board.
- One three-year term on the Reidsville Appearance Commission.
- Three three-year terms on the Reidsville Community Pool Association.
- One two-year term on the Reidsville Firemen's Relief Fund Board, which comes open in December.
- One five-year term on the Reidsville Planning Board. This is an ETJ position, which requires County Commissioner's approval.

Applications to be considered at the November 10, 2020, Council meeting will need to be turned in by 5 p.m. on Friday, October 30, 2020.

AGS/cf  
Attachments (1)

*"Live Simply. Think Big."*



## **DRIVE THRU TRICK OR TREAT**

Join us for a spooktacular night of safe trick or treating. Stay in your car and drive thru the candy stations. Limited to the first 200 kids

**THURSDAY OCTOBER 29, 2020 6-8PM**  
**JAYCEE PARK**

**Virtual Contests! House Decorating, Costumes, Pumpkin Carving . Take a picture of your home decorations, kids/adults wearing costumes and/or your carved pumpkin and**

**email to [Halloween @ReidsvilleNC.Gov](mailto:Halloween@ReidsvilleNC.Gov)**

**Deadline for Submission is Oct 26 at 5pm**

**Prizes will be given for 1st-3rd place in all contests**

**Submit for one , two or all three contests**

**TEAM  
REIDSVILLE**





Contact:  
Judy Yarbrough  
City of Reidsville  
Phone: (336) 349-1099

230 W. Morehead St.  
Reidsville, NC 27320  
[www.rockeitinreidsville](http://www.rockeitinreidsville)



# PRESS RELEASE

## Economic Development Announcement Downtown Reidsville

The City of Reidsville is thrilled to announce a Press Conference will be held Tuesday Oct. 13, 2020 at 4:00 p.m. at Mural Park in Downtown Reidsville, to announce an economic development project for the Rockingham Theater. This project will be one of the largest Tourism Attractions for the City of Reidsville as well as Rockingham County. Please plan to attend. After a short program, the involved parties will be available for individual interviews. Mural Park is located at 210 S. Scales St. For more information, please contact City Marketer, Judy Yarbrough. 336-349-1099.

## TEAM REIDSVILLE

**MINUTES OF THE  
REIDSVILLE HUMAN RELATIONS COMMISSION  
MEETING ON TUESDAY, AUGUST 25, 2020  
(VIA TELECONFERENCE CALL)  
REIDSVILLE CITY HALL  
1<sup>st</sup>-FLOOR CONFERENCE ROOM**

MINUTES APPROVED



9/22/20

**COMMISSION MEMBERS PRESENT:**

Cathy Badgett, Chair (In person)  
Dick Frohock (via call)  
Wanda Harley (via call)  
Richard Ratliff (via call)

**COMMISSION MEMBERS ABSENT:**

Katie Smith, Vice-Chair  
Maricarmen Garduño

**CITY STAFF PRESENT:**

Cindy Farris (In person)

**VISITORS:**

None

**CALL TO ORDER**

Cathy Badgett called the meeting to order at 6:39 p.m.

**INVOCATION**

Wanda Harley offered the invocation.

**ROLL CALL**

Cindy Farris called the roll.

**APPROVAL OF JUNE 23, 2020 MINUTES**

Richard Ratliff made the motion to approve the June 23, 2020 minutes as submitted.  
Dick Frohock seconded the motion, and the minutes were unanimously approved.

**REPORTS**

**COVID-19 UPDATE**

Cathy Badgett shared information she had received from Mayor Donecker related to the virus. She said currently Rockingham County is reporting 685 positive test results for COVID-19, including 12 deaths, 18 hospitalizations, 3 who were asymptomatic, 228 at home/recovering and the remaining 425 were classified as recovered. Badgett stressed this represents a 50% increase in those hospitalized and those who have died. She emphasized how important it is to wear a mask when in public, wash your hands frequently and wait the advised 6 feet apart when out in public.

Badgett discussed schools and colleges across the State reopening and what that will entail. Frohock said RCC had decided to go online from the beginning. Badgett said college students come from all over the country and abroad, which is an issue with spreading the virus.

Badgett advised members of the Commission to get a flu shot as soon as possible and shared information related to the Moderna COVID-19 vaccine trial that is now looking for volunteers representing a diverse group who are non-white and older than 65 years of age. She said if anyone is interested or knows someone who might be interested, the telephone number is 336-713-7888. Ratliff said he has a problem with the use of black and brown people being used as guinea pigs for the virus vaccine. Badgett shared clinical research information regarding the vaccine and results of how effective it is on different people due to race, gender, age etc. Members of the Commission discussed if the vaccine is already being used through plasma. Frohock said the vaccine had been approved and was being used. Badgett said it has not been approved.

Badgett also discussed the importance of the 2020 Census and encouraged members to spread the word to others in the community.

### **North Carolina State Human Relations Commission**

Badgett said she had heard from Gene Troy with the State HRC and there has been a rise in hate crimes throughout the state and the country. She listed several examples of assaults, shootings and requests for police reform, stressing how fortunate Reidsville is to currently not have these issues. Ratliff said Chief Hassell is doing a fantastic job. Badgett complimented Police Chief Robert Hassell and the Reidsville Police Department on their community involvement and mentioned the recently formed CALM Committee (Community Advocates, Leaders and Ministers), of which she is a member. She invited members to contact her with any local or county hate crime incidents, and she will forward them on to Gene Troy. Badgett reported that the next State HRC meeting would be taking place on September 29, 2020 from 9:30 a.m. – 12:45 p.m. She also encouraged members to get others interested in the 2020 Census and the upcoming 2020 election by registering to vote.

Ratliff asked how you can obtain a sample ballot for the 2020 election? Badgett said there are numerous ways to vote: in person, absentee, and mail-in. She suggested Ratliff and other members of the Commission go to the Rockingham County Board of Elections website and print off a sample ballot. She recommended voting as early as possible.

### **P.O.R.T Program**

Badgett shared information regarding a new P.O.R.T Program (Post Overdose Response Team) the Reidsville Police Department is starting. She said Chief Hassell reported that from 2017-2019 there had been a 119% increase in opioid overdoses. Ratliff asked if she has the racial breakdown statistics of those individuals involved. Badgett did not have those numbers on hand. She added that the Reidsville Police Department has added a new black female officer to their force, Hydeia Collington.

### **OLD BUSINESS**

#### **HRC Budget**

Frohock reported that the City Council had approved the 2020-2021 City budget, with the Human Relations Commission receiving \$2,500. He reviewed the itemized details of the



HRC budget he and Councilman Hairston had presented to the City Manager. Frohock stated the Commission was unable to use previous funds due to COVID-19 and those monies have been rolled over with the condition that they be used for the 2021 CommUNITY Pride celebration. He reiterated it will be difficult to predict how things will stand with the pandemic and holding large gatherings like the 2021 MLK Breakfast, the CommUNITY Pride Festival and the Chamber-sponsored 2020 Business Showcase/Career Day. Harley said they may have to try having a speaker virtually for the MLK breakfast, adding they had not had a recent Committee meeting to discuss the matter.

Badgett reported the local NAACP is in the process of merging the Madison, Stoneville and Reidsville branches and is waiting for final approval. She said they will not have the NAACP banquet but may have a virtual Zoom meeting.

### **MLK Breakfast**

Wanda Harley said she had nothing to report. Frohock suggested the HRC, the Chamber and the NAACP get together via Zoom and discuss the MLK breakfast and the scholarships associated with it. He said they need to start thinking about choosing a speaker. Badgett asked Harley to contact the MLK Breakfast Committee, have them choose a date, and time and meet to discuss how they will be handling the 2021 breakfast. She reminded the HRC members that there would not be a meal provided at the breakfast due to COVID-19. Badgett said she would like to hear back with an update in the next two weeks via email. Ratliff added that the Human Relations Commission is hosting the MLK Breakfast this year.

### **NEW BUSINESS**

#### **Local Schools**

Badgett announced that modular units referred to as "learning cottages" have been added to the campus at South End Elementary. She encouraged enrollment for students and parents interested in the Pre-K and Kindergarten classes at Moss Street Partnership School. Badgett discussed the joint programs, such as machining, being offered through Rockingham Community College and Reidsville High School for juniors and seniors.

Members of the Commission shared their concerns for the safety and well-being of students, teachers and parents with schools getting ready to reopen. Badgett said she had been working for a college part-time regarding clinical placement and how hard it is for students to get face-to-face patient hours during the pandemic. She reminded members of the Commission of the high risk healthcare professionals are at, such as doctors, nurses, CNAs and those working in Nursing Homes.

#### **Neighborhood Revitalization Grant**

Badgett was excited to report on the Reidsville Neighborhood Grant Assistance Program for low to moderate income families who live inside the city limits of Reidsville. She asked members to get the word out to those who might be interested to get their applications in to the City by 4 p.m. on September 17, 2020.

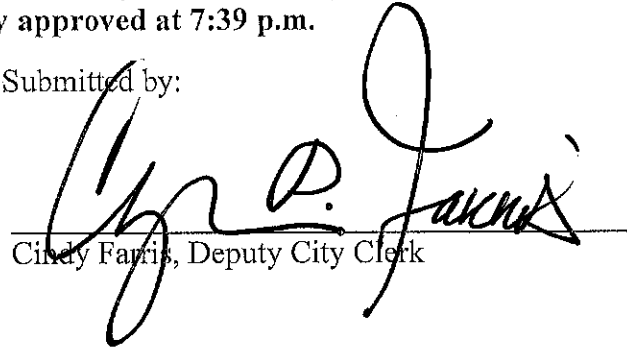
**Closing Comments**

Badgett said there are several positions available on the Human Relations Commission. She said they had recently had an applicant, Michael Galloway, who would have been a great addition, but that he lives and works outside the City.

Badgett said the next meeting of the Human Relations Commission would take place on September 22, 2020 at 6:30 p.m. She added she had not heard from HRC members Katie Smith or Maricarmen Garduño.

**The motion to adjourn was made by Wanda Harley with a second from Dick Frohock, and unanimously approved at 7:39 p.m.**

Submitted by:

A handwritten signature in black ink, appearing to read "Cindy Farris", is written over a horizontal line.

Cindy Farris, Deputy City Clerk

## **REIDSVILLE ABC BOARD**

### **Minutes of August 27, 2020 Board Meeting**

1. The meeting was called to order by Chairman Setliff. Members Brady and Rucker, GM Langel and Councilwoman Walker (via telephone).
2. Invocation was delivered by G. Rucker.
3. Chairman Setliff called for any known conflicts of interest. None were reported.
4. Minutes of August 5, 2020 meeting were approved as read.

Motion to approve: Rucker Second: Brady

5. GM Langel reported that she had been in contact with Jonathan Jobe, Home Trust Bank, concerning project contract from Cirrus Construction. He stated that contract had been reviewed and was acceptable with one change: The Board should request that a retainage be added to the contract. He recommended between five and ten percent. The Board voted unanimously to request Cirrus Construction to add a five (5) percent retainage to the contract. (Documents attached)

Motion to approve: Rucker Second: Brady

6. The Board agreed to send a copy of project contract to W. McLeod for review.
7. D Brady reported that she had been in touch with Stan Kelley (Love's Travel) and W. McLeod concerning purchase of land. Both reported a title issue that has slowed down the process but neither see it as a major problem and expect to proceed with purchase soon.

8. D Brady reported that City of Reidsville Mayor Donecker had requested copies of ABC Board meeting minutes from 2015 to present. GM Langel delivered those to D Brady prior to this meeting being called to order. D Brady to deliver to City Hall immediately following this meeting.

9. The Board discussed salaries and Covid-19 bonuses. The following salary adjustments and bonuses were unanimously approved by the Board:

Salaries:

W Moss	Annual salary increase to 45,000,
J Edwards	One-time salary payment of 1200.00
L Thore	One-time salary payment of 1200.00
Part-time	Hourly increase of .50

Covid-19 bonus:

W Moss, J Edwards, L Thore, I Graves, D Wyatt 500.00

Holiday bonus:

W Moss, J Edwards, L Thore 250.00

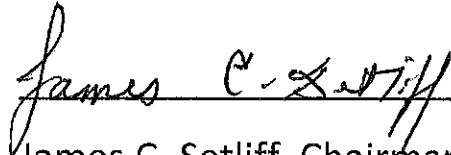
I Graves, D Wyatt, T Mansfield, M Smith 100.00

Motion to approve: Rucker Second: Brady

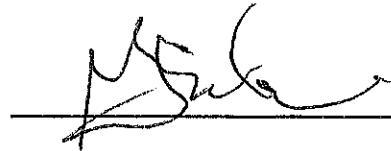
10. The next meeting of the board will be September 24, 2020 at 9:00 am at the Reidsville ABC Store.

11. There being no further business to discuss, the meeting was adjourned at 9:50 am.

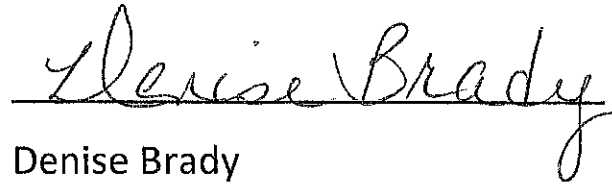
Approved

  
James C. Setliff, Chairman

Approved

  
George Rucker

Approved

  
Denise Brady