

**MINUTES
INTERGOVERNMENTAL RELATIONS & ECONOMIC DEVELOPMENT
COMMITTEE MEETING
NOVEMBER 24, 5:30 PM
CITY COUNCIL CONFERENCE ROOM—2ND FLOOR, CITY HALL**

Council Members Present: Walker Reid, Chairman
Mayor Jennifer Stultz
Councilman Dale Burkett

The City Council Intergovernmental Relations & Economic Development Committee met on Tuesday, November 24, 2009, and discussed the following items:

1. Update on Sales Tax Distribution:

Ash Smith, City Attorney, and Jim Palenick, City Manager, were recognized for the purpose of Staff's presentation. The Committee was informed that even though the Hold-Harmless Agreement with Gaston County and Cities/Towns regarding the Sales Tax Distribution issue was negotiated in the spring, the agreement still has not been executed.

The County's suggested revisions to the agreement were received by the City on November 5, 2009. There were two major changes from the agreement that was negotiated this spring.

Language has been proposed to be added to the last sentence of Section 3, *Term* which states that should "the amount of sales tax revenue directly remitted to Municipality by the State under the ad valorem method set forth by N.C.G.S. 105-472 during any fiscal year through the term of this Agreement equal \$9,988,922.51, then the obligation of the County to make Cap Amount reimbursements shall cease and this Agreement shall be terminated."

Staff recommends against this "early out option" as it was not part of the discussions between the City Council and the County Commission. It was the consensus of the Committee to reject this proposed revision.

The second revision in paragraph 6 of the agreement would allow the County to suspend and/or adjust payments in the future event that the Governor or General Assembly takes some action that reduces the Sales Tax revenues received by the County.

On November 24th, Mr. Palenick met with County Manager Jan Winters and proposed alternative language to the County which City staff believes addresses the County's concern but is more equitable to the City. A copy of the proposed counter-revision to Paragraph 6 of the Contract is attached to this Memorandum. Mr. Winters indicated that the County would need a few weeks to review the proposal and respond.

It was the consensus of the Committee that Mr. Palenick and Mr. Smith continue negotiating with the County over this paragraph and return to Council with a contract that can be approved by both boards. Staff will continue to work with all parties involved to obtain a resolution.

2. **Other Business Items:**

212 Main Avenue Property – Acquisition from Gaston County:

Mr. Palenick stated the City is still in pursuit of acquiring the 212 Main Avenue property. Staff will continue to work with all parties involved to obtain a resolution.

Gaston County Jail:

Chairman Reid stated that any proposals for the expansion of the Gaston County Jail should be brought before the community to obtain their input and involvement.

Having no further business, the meeting of the Committee was adjourned at 6:35 PM.