

**MINUTES
CENTRAL CITY REVITALIZATION AND HOUSING COMMITTEE
JANUARY 11TH, 2009 AT 4:00 P.M.
COUNCIL CONFERENCE ROOM – 2ND FLOOR CITY HALL**

The Central City Revitalization & Housing Committee met on Monday, January 11, 2010. The following members were present:

Chairman Walker Reid
Councilman John Howren

Councilman Dale Burkett

Other Council Members in attendance were:

Mayor Jennifer Stultz

Councilwoman Brenda Craig

Chairman Reid welcomed everyone and called the meeting to order. Chairman Reid addressed Melissa Magee, Assistant City Attorney, to begin staff's presentation.

ITEM 1: THE JAMES WORTHY FOUNDATION LEASE:

Ms. Magee stated The James Worthy Foundation has expressed an interest in sub-leasing the second floor of the Standard Building. The proposed rental payments received under the sublease would be less than the City's lease payments to the property owner; however, the sublease would provide a quality tenant in the Center City area. The James Worthy Foundation would assume responsibility for the payments of utilities as well. The current lease between the City of Gastonia and South Street Arcade will expire on October 5, 2011, and the City has no interest in renewing this lease. If the sub-lessee would like to continue the lease past this date, it would their responsibility to negotiate with the owners of the building. Jim Palenick, City Manager, stated that even though the lease would be at lower rates than the City is currently paying, this would be an opportunity for The James Worthy Foundation to be a part of Downtown and possibly incubate some additional businesses. Upon execution of the lease, the effective date of occupancy would be February 1, 2010.

Staff Recommendation:

Staff strongly recommends approving this agreement for subleasing the Standard Building to The James Worthy Foundation.

Committee Recommendation:

The Committee voted unanimously (3-0) to approve the sub-letting of the space located at 156 S. South Street, Suite 201, to The James Worthy Foundation for the amount specified in the lease agreement and not to extend past the expiration of the current lease between the City of Gastonia and South Street Arcade, LLC.

Necessary Council Action:

Accept or reject the Committee recommendation.

ITEM 2: BOLDING STREET OPTION TO PURCHASE:

Chairman Reid recognized Mr. Palenick for the purpose of staff's presentation. City staff has determined that the property at 306 Bolding Street may be appropriate for a development similar to the Gateway Senior Housing project located in the Highland Community. The City has negotiated a proposed Option Agreement for the purchase of the property to give Staff the opportunity to determine whether it would be feasible to develop the property for senior housing and whether such a project could qualify for tax credits through the North Carolina Housing Finance Agency. The Option Payment would be \$15,000, \$5,000 of which would be applied to the purchase price if the Option were exercised. The Option Payment would be made from the Infrastructure Rehabilitation Fund. The purchase price of the property would be made with funds from the Federal Stimulus Program.

Staff Recommendation:

Staff recommends approving the proposed option to purchase approximately eight acres located at 306 Bolding Street in West Gastonia in order to develop a project similar to the Gateway Senior Housing in the Highland Community.

Committee Recommendation:

The Committee voted unanimously (3-0) to approve the option to purchase property located at 306 Bolding Street in West Gastonia owned by Mr. Bryan Stewart.

Necessary Council Action:

Accept or reject the Committee recommendation.

ITEM 3: SECTION 108 LOAN MODIFICATION AGREEMENT:

Chairman Reid recognized Annie Thombs, Community Development Director, for staff's presentation. Ms. Thombs advised the Loan Agreement and Promissory Note currently in effect with the South Street Arcade, LLC, provides for an 8% interest rate, based on the prime rate at the time the documents were executed. However, the City is only required to pay 4% interest under the terms of its agreement with the Department of Housing and Urban Development. South Street Arcade, LLC, has requested the City modify the Loan Agreement to reduce the interest rate from 8% to 4%. If granted, this modification will decrease the monthly payment allowing South Street Arcade, LLC, to provide additional funding for projects currently underway within the downtown area.

Staff Recommendation:

Since the loan will mature in June of 2011 and the intent of the Downtown Loan Program was never to make a profit, staff recommended the approval of the Loan Modification.

Committee Recommendation:

The Committee voted unanimously (3-0) to approve the Section 108 Loan Modification Agreement between the City of Gastonia and South Street Arcade, LLC.

Necessary Council Action:

Accept or reject the Committee recommendation.

ITEM 4: UPDATE ON HIGHLAND INFRASTRUCTURE IMPROVEMENTS AND STATUS OF POSSIBLE BUDGET SURPLUS AND REALLOCATION OF SAME:

Chairman Reid recognized Mr. Palenick for the purpose of staff's presentation. The Highland Infrastructure project, which includes the installation of a new road surface, water/sewer lines, underground electrical lines and decorative lighting along Grace Street and Beatrice Costner Avenue, has come in under budget. Mr. Palenick stated the funds originally allocated to this project should be re-appropriated for projects within the Highland area.

Staff Recommendation:

A recommendation was made by staff to re-direct the funds to other infrastructure projects within the Highland Community.

Committee Recommendation:

The Committee voted unanimously (3-0) to use approximately \$156,700 in identified surplus funds to pay for infrastructure and site improvements in support of the Credit Union Development and further pursuit of the Highland Redevelopment Plan.

Necessary Council Action:

Accept or reject the Committee recommendation.

With no other business to discuss, Chairman Reid adjourned the meeting.