



**OAK RIDGE TOWN COUNCIL SPECIAL MEETING
MARCH 13, 2023 – 2:00 P.M.
OAK RIDGE TOWN HALL**

MINUTES

Members Present

Ann Schneider, Mayor
Jim Kinneman, Mayor Pro Tem
Spencer Sullivan
George McClellan
Martha Pittman

Staff Present

Bill Bruce, Town Manager
Sandra Smith, Asst. Mgr./Town Clerk
J. Michael Thomas, Town Attorney
Sam Anders, Finance Officer

1. CALL TO ORDER

Mayor Ann Schneider called the meeting to order at 2:00 p.m.

2. APPROVE AGENDA

Councilman Jim Kinneman made a motion to approve the agenda. Councilman George McClellan seconded. The motion was passed unanimously (5-0).

3. NEW BUSINESS

Consideration/Approval of Payoff of Heritage Farm Park Property Loan.

Mayor Schneider recounted the Town's desire to develop the property purchased in 2018 from Frank and Claudia Whitaker as a public recreational and open-space park. She said that the Town proposed financing the park development through a commercial loan using the Town Hall property, which includes a walkway to the new park, as collateral. She pointed out that the Town had been aware that this loan is subject to the approval of the North Carolina Local Government Commission (LGC) under the applicable provisions of Article 8, Chapter 159 of the North Carolina General Statutes.

Schneider further stated that in reviewing the Town's preliminary application for approval of the loan, the LGC had indicated that the Town's proposed financing using what they view as substitute collateral – that is, the use of the Town Hall property as collateral – cannot be approved under the applicable provisions of Chapter 159 and that only the subject land – that is, the land being developed for the new park – may be used for collateral and encumbered to secure said financing.

Schneider recalled that the Note that the Town signed with the Whitakers provided that "This Note may not be prepaid in full or in part at any time without the prior written consent of the Holder(s)." She pointed out that the current principal balance

owing under the original Agreement and on the Note is \$900,000.00, with the most recent payment having been made in July 2022. In order to satisfy the requirements of the LGC and the provisions of Chapter 159, the Town asked the Whitakers to consent to the prepayment of the principal balance of \$900,000 in full, together with an additional negotiated amount of \$50,000, deemed as a fair and appropriate amount for the early payoff and equitable settlement of this debt. The Whitakers had indicated their agreement with a total early payoff amount of \$950,000.

Schneider stated that the Town Council, staff, and Finance Officer have determined that there are sufficient funds in the Town's unrestricted reserve funds to permit paying the amount of \$950,000 without dropping the Town's reserve funds below either the state-required minimum reserve or the higher reserve level preferred by Council.

Schneider asked to consider whether Council wished to take official action on the matter of paying off the Heritage Farm Park Property loan.

Schneider moved that the Oak Ridge Town Council, subject to the consent of the noteholders Frank O. Whitaker, Jr. and his wife, Claudia H. Whitaker, authorize the Financial Officer to tender and make payment in full, from unrestricted Town reserve funds, the principal amount due and owing on the Whitaker property purchase, incurred and evidenced by the Real Estate Purchase Agreement dated April 5, 2018 and the promissory note made by the Town to the Whitakers on July 18, 2018, together with an additional negotiated amount determined by both parties to be a fair and appropriate amount to equitably settle an early payoff of this debt, in the liquidated total sum of \$950,000.00. Such payment will be made on or before March 31, 2023, and in such manner and following such process as the Town and the Whitakers shall agree to in a written modification of the parties' original provisions prepared by Town staff and sufficient to secure the cancellation of the promissory note evidencing said indebtedness and cancellation of record of the deed of trust securing payment thereof. In so doing, the Town will facilitate the submission to and approval by the Local Government Commission of the pending financing of our new park development. Schneider said that accordingly, the Council believes that the health, safety, and welfare of the citizens of Oak Ridge and all users of such park improvements enabled by these financing actions will be promoted and enhanced.

Councilman Spencer Sullivan seconded the motion. The motion was passed unanimously (5-0).

Council discussion:

Councilman McClellan asked how much interest taxpayers were saving by permitting this payoff. Finance Officer Sam Anders answered that the savings would be approximately \$124,000.

McClellan asked if the property owners, the Whitakers, had agreed to this payoff. Schneider reiterated as stated in her comments made prior to her motion that the Whitakers had agreed to the total early payoff of \$950,000.

With no further discussion, the vote was unanimous (5-0), and the payoff of the Heritage Property Loan is approved.

4. PUBLIC COMMENTS

None

5. ADJOURNMENT

Councilman McClellan made a motion to adjourn the meeting at 2:06 p.m., and Councilwoman Martha Pittman seconded. The motion was passed unanimously (5-0).

Respectfully Submitted:

Sandra B. Smith, CMC, NCCMC
Asst. Town Manager/Town Clerk

Ann K. Schneider
Mayor