

**TOWN OF VALDESE  
TOWN COUNCIL PRE - AGENDA MEETING  
NOVEMBER 18, 2024**

The Town of Valdese Town Council met on Monday, November 18, 2024, at 6:00 p.m., in the Town Council Chambers at Town Hall, 102 Massel Avenue SW, Valdese, North Carolina. The Council meeting was live-streamed on YouTube @townofvaldese. The following were present: Mayor Charles Watts, Mayor Pro Tem Gary Ogle, Councilwoman Rexanna Lowman, and Councilman Glenn Harvey. Also present were: Interim Town Manager Bo Weichel, Town Attorney Tim Swanson, Town Clerk Jessica Lail, and various Department Heads.

Absent: Councilwoman Heather Ward, Ward 2 Vacant Seat

A quorum was present.

Mayor Watts called the meeting to order at 6:00 p.m.

Tamika Garrison offered the invocation. Following the invocation, Mayor Watts led in the Pledge of Allegiance to the Flag.

**REVIEW AND DISCUSSION OF DECEMBER 2, 2024 PRELIMINARY AGENDA:**

**UNDER NEW BUSINESS:**

**PUBLIC HEARING – VALDESE WEAVERS MILL HOUSING BONDS** Luke Fowler, President of Northwestern Housing Enterprises presented an update on a proposed development project consisting of 60 new housing units, including 43 one-bedroom apartments. These units will include water, sewer, and parking costs in the rent. Target income levels were outlined, such as single-person households with incomes around \$32,820, which could encompass factory and hospital workers, seniors on fixed incomes, and single-parent households. Mr. Fowler highlighted the project's origins, noting it was initiated in collaboration with a charitable foundation, including Dogwood Health Trust, due to their expertise in nonprofit redevelopment and affordable housing. Significant progress has been made, including a \$2.5 million investment to address environmental cleanup under the state's Brownfields Program. The site is listed on the National Historic Register, and efforts are underway to preserve architectural features like old brickwork and arch windows. Mr. Fowler noted financial details included a projected bond issuance fee of approximately \$165,000 (1.5% of an estimated \$11 million budget). The development will add new utility accounts and contribute to downtown revitalization. Mr. Fowler emphasized the urgency of addressing housing needs, particularly following recent storms, and stated the project is shovel-ready.



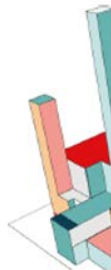
**OVERVIEW**

- 43 one-bedroom units - \$879/month
- 17 two-bedroom units - \$1054/month
- Includes utility allowance for water/sewer, power, trash, and parking
- 60% of Burke County AMI for a single person household is \$32,820
- 2 person Household is \$37,500, 3 person is \$42,180



**YOUR CITIZENS THAT CAN APPLY**

- Seniors on a fixed income
- Single parent households
- Part-time workers
- Many hospital, retail, and restaurant employees



**WHY WE NEED YOUR HELP**

In 2021, our Board of Directors voted to allow us to pursue this project outside of our 7-county region as we were approached by a charitable foundation because of our success as a nonprofit developer. If this were in our region, our affiliated Housing Authority would issue the bonds. Since then, our nonprofits have invested over \$2.5 million in this project.

HOW WE CAN HELP YOU

- Issuance Fee: We are currently projecting \$11 million in bonds to support this redevelopment. We are offering the Town the maximum fee of 1.5% (Upwards of \$165,000).
- 61 new water and sewer accounts
- Getting rid of an eyesore in your community
- New housing units for your community members

LONG TERM COMMITMENT

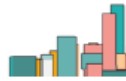
We intend to own and operate this project for decades to come, and we are committed to the highest standards of property management. This not only includes upkeep, but tenant screening including credit and background checks.



OTHER SUCCESSFUL HISTORIC REHABILITATION



An example of our work in Jefferson, NC providing affordable housing to 46 seniors.



**THANK YOU**

Luke Fowler  
828-264-6683  
lukefowler@nrha.com

Mr. Fowler noted that he purchased the property in 2001 and would have like to be completed by now, but they had to jump through some hurdles. Councilman Harvey asked if Mr. Fowler completed a market study indicating that there was a need for housing in Valdese. Mr. Fowler said, yes, a third party completed it.

Councilman Harvey asked if 80% of the houses could be market rate so that workers and young professional people can live in those and asked if Mr. Fowler has refused to do that. Mr. Fowler said the budget could not handle it because they only get the tax credit for a low-income unit. Councilman Harvey asked how much they would receive in tax credit. Mr. Fowler said \$11 million. Kristen Kirby, Partner with McGuireWoods LLP, explained the financing structure for a proposed \$18 million, 60-unit housing project. Ms. Kirby noted that the project would utilize tax-exempt bonds to qualify for 4% federal tax credits. These credits are calculated at 4% of the project basis per year over 15 years but are only applicable to affordable housing units. Developers sell the tax credits to investors at a rate of 85-90 cents per dollar, using the proceeds to finance the project. Ms. Kirby said if half of the units were market-rate, only the affordable units would be eligible for tax credits, significantly reducing available financing. The project cost is approximately \$300,000 per unit, and Northwest Housing Enterprises, a nonprofit affiliated with the regional housing authority, will oversee the project. The organization has experience with similar developments.

Councilman Harvey noted that the board was informed that the bond issuance for this project has increased from \$10 million to \$11 million. If the project were commercial, it would generate approximately \$75,000 annually in property taxes for the town, with additional taxes for Burke County. However, as a nonprofit-affiliated project, these taxes will be foregone.

Ms. Kirby provided an overview of the town's role in issuing tax-exempt bonds for the proposed affordable housing project. Under federal rules, these bonds must be issued by a governmental entity, but the Town would act only as a conduit issuer. She emphasized that the bonds are not a debt of the town, do not affect the Town's debt capacity, and the Town has no financial responsibility for their repayment. The borrower is solely responsible for repayment, and the bonds are cash-collateralized to minimize risk.

The developer has agreed to pay a 1.5% issuance fee to the town, cover all related costs, and make a payment in lieu of taxes (PILOT), as the property would otherwise not pay taxes. The bonds, which will be publicly sold, are short-term with a 2-3 year term, covering construction costs. Permanent financing will come from USDA Rural Development loans, low-income housing tax credits, a Dogwood Health Trust grant, and a sponsor loan from Northwestern Housing Enterprises.

The developer's goal is to close the transaction in 2025. To proceed, the council will need to adopt an inducement resolution signaling willingness to issue the bonds, pending necessary approvals. A public hearing, required under federal tax regulations (TEFRA), is planned for the December 2 meeting. Ms. Kirby noted the Town would receive annual compliance reports once the project is operational. Ms. Kirby

concluded by inviting questions from Council members regarding the bonds or the town's role in the process.

McGUIREWOODS

TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS

Kristen Kirby  
McGuireWoods LLP  
501 Fayetteville Street, Suite 500  
Raleigh, North Carolina 27601  
(919) 755-6574  
kkirby@mcguirewoods.com

What are multifamily housing revenue bonds?

- Bonds must be issued by a governmental entity – state or local housing authority, county or city/town (the "Issuer")
- Under N.C.G.S. 160D-1311(b), the Town is authorized to exercise the powers of a housing authority, including acting as the Issuer of tax-exempt multifamily housing bonds
- Town would be acting as a conduit issuer and has no financial obligation with respect to the bonds

Role of the Issuer

- Bonds are not a debt of the Town or a pledge of its faith and credit or taxing power and do not affect the Town's debt ratio or legal debt limit
- Town has no financial responsibility for the bonds; the Borrower is solely responsible for repayment of principal and interest on the bonds
- Town would receive an issuance fee of 1.5% of the Bond amount and the PILOT
- Developer is responsible for paying all costs of issuance (including bond counsel and fees of Town Attorney related to the Bonds)

Project must meet Income Restrictions

- Either
- 20% of units must be set aside for individuals whose income is 50% or less of area median income ("AMI")
  - Or
  - 40% of units must be set aside for individuals whose income is 60% or less of AMI
- Income limits based on HUD guidelines; subject to family size
  - Income determination must be made at least annually
  - Restrictions apply for the longer of 15 years or life of bonds

Plan of Finance

- The Bonds will be sold in the public market and will be short-term cash-collateralized bonds with a term of approximately 2-3 years
- Permanent financing for the Project will be provided by USDA mortgage loan
- Other sources of funding for the Project – low-income housing tax credits, grant from Dupwood Health Trust and sponsor loan
- Anticipated closing in Q1 of 2025

Status and Steps Required

- Developer's application for bond volume cap and low-income housing tax credits approved by the North Carolina Housing Finance Agency
- Inducement resolution – indicates the Town's willingness to issue bonds if all necessary approvals are obtained
  - Previously had been done by Valdese Housing Authority in 2021 when they were the anticipated issuer
- Town Council holds a public hearing (also called the TEFRA hearing) as required under the federal tax code and approves the issuance of the bonds for purposes of satisfying TEFRA regulations
- Town Council adopts final approving resolution for the Bonds and authorizes the signing of the bond documents
- Sign documents at closing
- Post issuance: receive reports regarding project compliance

QUESTIONS?

Kristen M. Kirby  
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501 Fayetteville Street, Suite 500  
Raleigh, North Carolina 27601  
(919) 755-6574  
kkirby@mcguirewoods.com

RESULT: MOVED WITHOUT OBJECTION TO THE NEXT MEETING ON DECEMBER 2, 2024, AT 6:00 P.M.

**END OF YEAR COMMITTEE REPORTS** Mayor Watts stated that committee reports will be presented during the regular meeting and may be provided as either written reports or verbal updates.

- I. Facilities Review Committee
- II. Drug & Homeless Task Force
- III. Merchants Advisory Committee

**RESULT: MOVED WITHOUT OBJECTION TO THE NEXT MEETING ON DECEMBER 2, 2024, AT 6:00 P.M.**

**RESOLUTION ADOPTING 2025 TOWN COUNCIL MEETING CALENDAR** Interim Town Manager Bo Weichel presented a draft schedule for the 2025 pre-agenda and regular meetings. Councilman Harvey proposed several adjustments, including postponing the January meeting by one week, removing the January 2026 pre-agenda meeting, and modifying the schedule for the final meetings of the year to account for the election and potential changes in Council members.

**RESULT: MOVED WITHOUT OBJECTION TO THE NEXT MEETING ON DECEMBER 2, 2024, AT 6:00 P.M.**

**COUNCIL APPOINTMENTS TO BOARDS/COMMISSIONS/COMMITTEES** Mayor Watts announced openings on the Planning Board, Parks & Recreation Commission, and Facilities Review Committee. Councilman Harvey noted there is also five openings on the Efficiency Task Force, and Councilman Ogle added that he is currently working on the Efficiency Task Force and expects to have an update by January. Mayor Watts encouraged interested citizens to visit the Town's website to access application forms.

**RESULT: MOVED WITHOUT OBJECTION TO THE NEXT MEETING ON DECEMBER 2, 2024, AT 6:00 P.M.**

**WARD 2 VACANCY** Mayor Watts reported that no applications have been received for the Ward 2 vacancy. Councilman Harvey encouraged residents to consider applying, while Councilwoman Lowman clarified that, despite ongoing discussions, no appointments can be made before January 6, 2025.

**RESULT: MOVED WITHOUT OBJECTION TO THE NEXT MEETING ON DECEMBER 2, 2024, AT 6:00 P.M.**

**CITIZEN SURVEY ON BUDGET PRIORITIES** The Council discussed the possibility of conducting a citizen survey to gather input on budget priorities for the upcoming year. Councilwoman Lowman noted that similar input was collected earlier in the year during the strategic planning process, which included citizen surveys and meetings, and questioned the necessity of a new survey before achieving progress on the priorities identified in the strategic plan, such as hiring a Town Manager, addressing public safety issues, repairing the pool, and improving roads. Others expressed openness to obtaining additional input, emphasizing the value of citizen feedback for decision-making. It was suggested that the matter be revisited during the December 2 meeting to decide whether to move forward with the survey.

**RESULT: MOVED WITHOUT OBJECTION TO THE NEXT MEETING ON DECEMBER 2, 2024, AT 6:00 P.M.**

**ADOPTION OF DESIGN-BUILD ESTABLISHMENT OF CRITERIA** Interim Town Manager Bo Weichel informed the Council that this document is a state-mandated requirement for adopting the design-build method for construction projects. He explained that the document outlines the rationale for selecting the design-build approach over the traditional method. Mr. Weichel highlighted that the document includes updates to reflect plans for a combined Police/Fire building and the renovation of the 215 Main Street building.

**RESULT: MOVED WITHOUT OBJECTION TO THE NEXT MEETING ON DECEMBER 2, 2024, AT 6:00 P.M.**

**APPROVAL OF RFQ DESIGN BUILD** Interim Town Manager Bo Weichel presented the RFQ for design-build Police facility cost comparison and construction. Mr. Weichel said it was in a 2-phase contract. Mr. Weichel reviewed the following:

**SCOPE OF SERVICES**

The Design-Build services shall be completed in a two-phase approach utilizing DBIA 520 & 525 contracts.

**Phase I:**

This phase shall consist of a schematic design level (30%) comparison of the cost to either renovate the existing building at 215 E Main St. for police operations versus the cost to combine a police department into the future fire department as a combination facility with some shared spaces.

From these budgetary numbers, it is anticipated the Town Council will choose to proceed with either a renovation or combination building. One of those projects will transition into Phase II as outlined below.

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**Phase II:**

The scope of work is to provide design and construction services for the project throughout preconstruction and construction phases

**Design:** Establish a Guaranteed Maximum Price (GMP) through further design stages including but not limited to, schematic design (from Phase I), design development, construction documents, coordination with other agencies, geotechnical engineering, surveying, cost opinions during design development, final design meeting State and local requirements, technical specifications, cost opinion at various stages of the project, obtaining all necessary permits, scheduling, cost control, project management, quality assurance and quality control of design.

**Construction:** Construction related activities, construction management, and completing project close-out activities. The contractor will be required to coordinate with other vendors hired by the Town to complete specific IT systems.

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**ESTIMATED PROJECT SCHEDULE**

Electronic Statement of Qualifications due	January 27, 2025
Hard Copies Statement of Qualifications due	January 31, 2025
Review Statements of Qualification	February 3-11, 2025
Interview final selections	February 24-28, 2025
Selected firm notified and proposed	
Phase I contract delivered to the Town	March 3-14, 2025
Contract review by legal counsel	March 17-21, 2025
Phase I contract adoption by Town Council	April 7, 2025

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Councilman Harvey proposed two additional considerations for Phase 1 regarding public safety facilities:

1. Shoring up the Existing Building:  
Councilman Harvey suggested that the Council direct the general contractor to evaluate the cost-effective measures required to shore up the existing police and fire facility, making it safe for continued use over the next two years until permanent buildings are ready. He noted prior recommendations to vacate the building due to safety concerns but highlighted that a structural engineer had not been consulted, leaving room for further assessment.
2. Adding a Permanent Police Department to Town Hall:  
Councilman Harvey recommended exploring the feasibility of expanding the Town Hall to house a permanent police department. This would include constructing necessary additions such as storage areas and a sally port.

Councilman Harvey emphasized the importance of developing solid cost estimates for three alternatives: the Mitchell Building renovation, a combined Police/Fire building on Massel Avenue, and the addition to Town Hall. These alternatives would give the Council a clearer understanding of options before moving forward.



**NOVEMBER 18, 2024, MB#32**

Mayor Watts asked what we would have to do to change the RFQ if we add these suggestions. Town Attorney Tim Swanson said the original motion could be amended at the next regular Council meeting.

**RESULT: MOVED WITHOUT OBJECTION TO THE NEXT MEETING ON DECEMBER 2, 2024, AT 6:00 P.M.**

**POOL STRUCTURE BIDS & CAPITAL CAMPAIGN DISCUSSION** Interim Town Manager Bo Weichel presented the history of the pool structure project and the costs:

# Pool Structure Cost

October 28<sup>th</sup>

Bid opening with one contractor submitting a bid.  
State laws require at least 3 bids on the first bid opening (projects > \$500k).  
Re-advertised the project for November 14<sup>th</sup>

November 14<sup>th</sup>

Bid opening again had one contractor submit a bid.  
No minimum rule for a re-advertised bid opening.  
Had a few interested GC's-due to workload and limited staff did not submit.

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# Pool Structure Cost

\$1,793,930	Houck Contracting bid price
(377,000)	GRANT- NC Parks & Recreation Trust Fund Accessible Parks (\$500k less the \$123k for ADA work per grant requirement)
(100,000)	GRANTMATCH (20% on \$500k) - Private Donation
(300,000)	Capital Campaign program as recommended by Parks & Rec Commission-will discuss at the 11/18 pre agenda meeting
<b>\$1,016,930</b>	Remaining balance of the contract with Houck
\$123,000	Cost of completing ADA compliant work
(123,000)	GRANT- NC Parks & Recreation Trust Fund Accessible Parks (portion of the \$500k grant) ADA work is required to meet grant compliance
<b>\$0</b>	Remaining balance for ADA work

Parks & Recreation Commission President Scott Compton requested Council's approval to initiate a capital campaign to raise \$300,000 through private donations and fundraising over a 12-month period beginning in December. Councilman Harvey expressed support, pledging to contribute 20% of the savings from his Valdese property taxes to the campaign.

During the discussion, Councilman Harvey inquired about the pool's winter usage. While Mr. Compton did not have specific numbers, he emphasized that resident's desire a year-round pool. Councilman Harvey also asked which high schools use the pool, to which Mr. Compton identified Draughn and East Burke High Schools. Additionally, Councilman Harvey suggested exploring potential contributions from Burke County

Public Schools. Mr. Compton confirmed that the Commission has already reached out to Superintendent Swan regarding possible support for construction costs and is awaiting a response.

**RESULT: MOVED WITHOUT OBJECTION TO THE NEXT MEETING ON DECEMBER 2, 2024, AT 6:00 P.M.**

**N.C. PARKS & RECREATION TRUST FUND ACCESSIBLE PARKS PROJECT AGREEMENT** Interim Town Manager Bo Weichel highlighted that the agreement aligns with the pool structure bid, should the bid be accepted. He explained that the project includes a \$500,000 grant recently awarded to the Town, contingent upon Council's approval. The grant, valid for three years, required demonstrating an ADA accessibility need. Mr. Weichel noted that the project would address this requirement by providing ADA-compliant access at the front of the building.

**RESULT: MOVED WITHOUT OBJECTION TO THE NEXT MEETING ON DECEMBER 2, 2024, AT 6:00 P.M.**

**AGREEMENT FOR ENGINEERING AND DESIGN SERVICES – HOYLE CREEK STREAM RESTORATION AND SIDEPATH TRAIL** Interim Town Manager Bo Weichel provided an update on the ongoing Hoyle Creek stream restoration project, funded by a \$2.2 million grant from the State. The Town completed the RFQ process, receiving eight submittals and interviewing three firms. McGill Associates was selected as the most qualified firm due to their familiarity with the Town's water and sewer systems and the project's requirements.

The project involves stream restoration, walking paths, significant dirt work, and bridge construction within a floodplain, necessitating federal permits. The agreement with McGill Associates is for \$671,500, covering schematic phase services, survey and design, bidding, and contractor award. To manage costs, the agreement does not include construction management, which will be negotiated separately after the project award phase to avoid unnecessary fees. This phased approach aims to minimize costs by ensuring fees align with actual construction expenses.

**RESULT: PLACED ON THE CONSENT AGENDA AT THE NEXT MEETING ON DECEMBER 2, 2024, AT 6:00 P.M.**

**BUDGET AMENDMENTS**

- I. **Generator Docking Station** Interim Town Manager Bo Weichel explained that this budget amendment is for the docking station needed for the generator approved by Council at the previous meeting.
- II. **July 4, 2025 Independence Day Celebration** Interim Town Manager Bo Weichel provided an update on the budget amendment related to holding the July 4 celebration on the holiday itself, as approved at the last meeting. He noted that this change would incur additional costs, including securing contracts for the fireworks display and covering employee overtime. The previous budget was based on holding the event the Friday before July 4, which had lower associated expenses.

Mr. Weichel emphasized that the amendment is necessary to secure vendor contracts and account for higher staffing costs, including filling roles previously handled by contracted services. Council members requested detailed cost estimates and clarification on whether the additional expenses could be absorbed within the current budget. Mr. Weichel assured the Council that staff are working to finalize calculations and will provide the necessary figures.

**RESULT: MOVED WITHOUT OBJECTION TO THE NEXT MEETING ON DECEMBER 2, 2024, AT 6:00 P.M.**

**INTERIM MANAGER'S REPORT:** Interim Town Manager Bo Weichel will report at the December 2, 2024, meeting.

**COUNCILMAN HARVEY MADE THE FOLLOWING VERBATIM REMARKS AND PROVIDED A COPY TO THE TOWN CLERK:**

**NOVEMBER 18, 2024, MB#32**

"I will take just a few minutes to answer the question I have been asked several times recently. Whether from Valdese neighbors, old friends across the nation, or family members, the question is, "How can you sit there and endure those hateful and unfair attacks, month after month?"

My simplest analogy is how I sit in the backyard with my dog each evening with mosquitoes buzzing around me. As all dog lovers understand, mosquitoes are nothing compared to your dog's need for some end-of-day yard time. On the positive side, this brief introduction to public office has given me a new perspective on everyone who devotes their lives to public service in an elective office at any government level. I now have a new appreciation for their service and an understanding of how they ignore distractions.

While we bring opinions and knowledge from our life experiences, each of us is simply one vote in decisions made by the majority. Our "job satisfaction" comes solely from the small part each of us plays in our interactions with other council members and the manager we hire.

Councilwoman Ward, Councilman Ogle, and I answered the calls from numerous citizens who felt their needs were ignored and who were concerned about the 2023 tax hike and potential long-term debt.

Before being sworn in, we initiated meetings with the Western Piedmont Council of Governments to hire an interim manager and obtain a proposal for the town's first-ever citizen-based strategic plan. Both were adopted unanimously by the entire five-member council. In December, this council unanimously voted to cancel a project that had grown from \$6.5 million to over \$10 million with no end in sight. That eliminated a USDA loan that would have given Valdese the highest long-term debt of 85 similar-size NC towns.

This week at the Old Rock School "Rededication," the town will celebrate over \$1.6 million in renovations, of which only slightly over \$200,000 came from tax dollars. Nearly \$1.5 million was funded by grants made possible through the hard work of the staff who started applying for grants several years ago.

Another \$151,000 was raised through the creativity and hard work of the staff and donations by 124 generous citizens and businesses.

That fantastic accomplishment was partly enabled by a behind-the-scenes effort in which I had the pleasure of working with Councilman Paul Mears. As the result of a small ad hoc group we convened, the council approved the project in February with the assurance that it would not reduce the Town's reserve funds.

The most outstanding achievement of the 2024 council was our unanimous adoption of the fiscal year 24-25 annual budget, which gave all Valdese property owners a 20% tax cut. A few residents even criticized that, saying they didn't need it or that it was a mere "pennies a day." Yet, what greater reward can there be than the knowledge that many residents on fixed incomes needed that \$60, \$80, or \$100 to pay their medical bills?

My final example of "great satisfaction from a tiny role" came when we learned that our Public Works department needed a backup generator to operate essential equipment during a power outage. A local source quoted a solution costing over \$100,000 and taking over a year to deliver. A little research into the secondary market for this type of industrial equipment turned up a lead that Interim Manager Weichel diligently pursued. As a result of his responsiveness, a backup generator will be delivered shortly AND at a cost closer to \$30,000.

Individual council member roles in each of these examples were minimal. Yet the reward of knowing you had a small part in something that impacted many people makes it all worthwhile.

For example, while a savings of \$70,000 may seem insignificant to people accustomed to town budgets of \$7 million or school system budgets of \$20 million, it is very significant to taxpayers on fixed incomes. How many people would realize that \$70,000 is the equivalent of the total property taxes paid by 150 owners of the smallest homes in Valdese? – Yes, 150 property owners!

So, in answer to questions I get about a few adverse reactions – like pesky mosquito bites - they are nothing. Happy Thanksgiving Everyone!"

**ADJOURNMENT:** At 7:32 p.m., there being no further business to come before Council, Councilwoman Lowman made a motion to adjourn, seconded by Councilman Ogle. The vote was unanimous.

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Town Clerk

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Mayor

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