

The Washington City Council met in a special session on Friday, August 31, 2007 at the Municipal Building at 12:00 Noon. Present were: Judy Jennette, Mayor; Darwin Woolard, Mayor Pro tem; Ed Gibson, Councilman; Richard Brooks, Councilman; Archie Jennings, Councilman; Council Mickey Gahagan; James Smith, City Manager; Franz Holscher, City Attorney; and Reatha B. Johnson, Assistant City Clerk.

Also present were: Carol Williams, Finance Director; Keith Hardt, Electric Director, and Mike Voss of the Washington Daily News.

Mayor Jennette called the meeting to order and Councilman Gibson delivered the invocation.

**CONSIDERATION – PROPOSED AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY AT 234 SPRING ROAD (KNOWN AS HAMILTON BEACH PLANT).**

Mayor Jennette recognized that all Council Members were present on a Friday and offered thanks. Mayor Jennette commented that this was first brought to Council in March of 2006 and Council should begin thinking about the fact that the lease with Hamilton Beach would end in May.

Updates from the Mayor to get to where we are now:

- Did the City want to sell?
- Did the City want to continue to operate the Hamilton Beach Building located on Springs Road?
- Talked with Impressions Marketing Group and they were interested in buying.
- Al Klemm (who has a great deal of experience of building maintenance) did an extensive review of the Plant and determined it was in very poor condition and from his standpoint would need anywhere from \$2 to 4.5 million dollars of renovations.
- The appraisal of the building was compared to age and not condition.
- Oldest part of the building was done in 1966, which makes it 41 years old in some places.
- Extensive renovation and expansions was done in 1973, which make the rest of the building 34 years old.
- Have been negotiating with Hamilton Beach and is still waiting to hear the resolution of some of the mitigation issues where they had a chemical spill.
- Hamilton Beach would like to continue renting space whether from us or the new owner and the City is still trying to negotiate a final exit strategy for them.
- In the meantime, Impressions Marketing Group had expressed an interest to expand the Washington facility or perhaps even consolidate other Impressions companies with this one.
- The Committee of 100 stepped forward and expressed an interest in working with Impressions, to obtain grant funds and bank loans to do the uplift of the building and repairs that were needed and then came forward and offered the City a million dollars for the facility.
- In those negotiations the City talked about keeping 5 acres of the property as well as building an access for the businesses behind that building to enter Highway 17.
- The Committee of 100 and the EDC recently obtained some Golden Leaf grant. They arranged for some finances to do the uplift and renovations to the building and have been working with Impressions to negotiate a rental with an option to buy.
- The Committee of 100, EDC, and Impressions are all anxious to get this process moving. Obviously, this has been a very complex deal to work through. The group feels they must have assurances that the City is

moving forward to sell them this building. Then they can begin getting the work done on their end.

- Last Council meeting (Monday, August 13, 2007) a draft proposal of the contract with an offer to sell was passed out to all Council members.
- Council was instructed to review that contract and provide feedback.

Mayor Jennette polled each Council Member for their comments, as follows:

Councilman Gibson's Comments:

- City should not adopt the resolution or sell the property for one million dollars but seek more benefits to our taxpayers.
- Does not feel it is close to a fair price at \$1 million. The property appraised and is on the tax roll at \$3.2 million.
- City should at least get \$1.5 million for the property.
- The City did not make a counteroffer to The Committee of 100 and did not attempt to use the leverage the City has for a more favorable price. \*Note See Mayor Jennette comment.
- Suggested the City keep the property, seek grant funding to repair the building and continue receiving the \$195,000 in annual lease revenue from Impressions.
- City seek a grant for \$1 million, or more, apply it to the repairs that are urgently needed and charge the same square-footage lease (amount) proposed by The Committee of 100, the plan would yield about \$150,000 per year that could be applied to further repairs and upkeep. The City will still continue to receive the \$195,000 annual benefit to the general fund and still own the building.
- Not against jobs, we are getting jobs thanks to the Economic Development and The Committee of 100, both of which is run by Mr. Thompson.
- The City is already pouring \$145,000 as of last year into The Committee of 100, in addition to that is pouring \$29,000 into the skill building a year. How good should the City be to Mr. Thompson?\*

Councilman Jennings' comments:

- Unfair to say that the transaction is merely for \$1 million, it's a \$1 million in purchase dollars, there is also the amount of money we may recover from Hamilton Beach. There is already money on the table and there is also the 5 acres of property that is involved. This could be valued and even conservatively at \$1.4 million total possibly more.
- Without the sale of the property to the committee, there is no guarantee that Impressions will remain on the property.
- Selling the property to the committee will allow the committee to repair the property so Impressions can increase its operations, thus creating new jobs in the city and county.
- The Committee of 100 will be able to lend money to Impressions and help repair the building to help it expand.
- The City, by law, is not allowed to lend money to a business.
- The Committee of 100 works closely with the Beaufort County Economic Development Commission to bring economic-development projects to the county and is better able to "make the most of what essentially is a relic."
- The City should not continue to own the building and be responsible for making repairs to an aging building that is in poor condition. Not comfortable in the idea that we will be a good or better landlord going forward.

Councilman Gahagan's comments:

- The Committee of 100 using its resources to repair the building so it can handle Impressions' planned expansion, the committee should be able to sign Impressions to a long-term lease.
- Believes selling the property to the committee so it can lease it, possibly with an option to buy, to Impressions will result in saving 160 jobs at the plant and adding 120 jobs there.
- The City purchased that building in the phenomenon of the 60's and there is one in Wake Forest now that is being torn down. The estimate of the City tearing down a building like that is \$250,000 - \$260,000 and this is money we do not have.
- These are good starting jobs, where someone with very low skills can come in and learn a skill and work their way up. The kinds of jobs that we need with the demographics of our population.
- Impressions will sign a long term lease and will have to stay here for a long time as opposed to a lease they are on right now, locking this company into our area for a long time to come.
- Councilman Gahagan addressed Councilman Gibson's question by stating the City has put nothing into The Committee of 100, The Committee of 100 in a non-profit with it's own board that is run by the president. As far as the skill center is concerned, right now there is a business in the Skill Center that is operating out of there while a building is being built for them to operate in.

Councilman Brooks' comments:

- Felt the City should receive \$1.5 million and stated the city needs the money.
- Still believed the City could have received the \$1.5 million if we had made a counteroffer.

Mayor Pro tem Woolard's comments:

- Councilman Woolard stated (just like Councilman Gibson) one of the things he looked at in the beginning was the income that we would not be able to continue to receive, but once we talked about the uplift of the building, to add another 120 jobs and help keep Impressions here and not leave taking away the 160 we now have. We are at a time in our community where we talk about tax payers but we also have a lot of people here that live in low income housing. They are voters but not necessarily taxpayers paying taxes on property. Council has to look out for them too. Mayor Pro tem agreed with Councilman Gahagan concerning jobs at the plant and the ones that will be created.
- The Council has to "look out" for its residents by doing what it can to keep jobs in the community and bring in new jobs, too. We need to look at those 280 jobs out there.
- To make it difficult or impossible for Impressions to expand could result in the manufacturer moving elsewhere.
- Councilman Woolard asked Mayor Jennette how much did the City pay for the building originally. Mayor Jennette stated \$1.00 during the 60's when there was a lot of grant money and also money was given to the City by the state when expansion was done in 1973.

Mr. Smith made the following comments:

- Of the 37 acres that make up the former Hamilton Beach site, not all of the property will be transferred to The Committee of 100. The City will retain about 8 acres. James Smith referred to the map that was passed out to Council. The City will retain 3 parcels.

- Approximately 5 acres at the southeast corner of the site and about 3 acres – known as the “water tower” site will be retained by the City.

Mayor Jennette’s comments:

- Mayor Jennette stated Council did counter offer the \$1 million, the day in the Attorney’s office. Councilman Gibson and Councilman Gahagan were there, but Councilman Gibson did not remember and Councilman Gahagan did. The Committee stated the \$1 million was not negotiable and they would walk if it was a \$1.5 million.
- At least now the City will get some money on that \$3.2 million. Councilman Gibson stated he estimated \$30,000 a year and that will not touch the \$195,000 we are bringing in right now rent at \$.50.
- Mayor Jennette pointed out the City would receive yearly tax revenues from the property if it is sold.
- Since the City owns the property, no tax revenue is received from it.
- Stressed that whatever direction Council chooses today, we will pursue it together.

City Attorney’s comments:

- Council did not need to go into a closed session.
- Need Council authorization to transmit the agreement to The Committee of 100. This is just to get the ball rolling.

Council Members stated their appreciation towards Councilman Gibson and the passion and hard work he placed in this transaction to best benefit of the City.

On motion of Councilman Gahagan, and seconded by Councilman Jennings by way of a 4-1 vote, Council authorized the Attorney to transmit the proposed Agreement for Purchase and Sale of Real Property, as revised, consistent with Council’s direction, to the Beaufort County Committee of 100 for its consideration.

**Ayes**

Mayor Pro tem Woolard  
Councilman Jennings  
Councilman Gahagan  
Councilman Brooks

**Nays**

Councilman Gibson

**RESOLUTION- AUTHORIZING THE DISPOSITION OF CERTAIN REAL  
PROPERTY BY PRIVATE SALE PURSUANT TO NORTH CAROLINA  
GENERAL STATUTE 160A-279 AND 267.**

Adoption of the Resolution authorizing the sale will be listed on the agenda for the Council’s next regularly scheduled meeting, which meeting has been rescheduled for September 17, 2007.

On motion of Councilman Jennings, and seconded by Councilman Gahagan, Council unanimously adjourned the meeting at 12:45 p.m.

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**Rita A. Thompson, CMC  
City Clerk**

**Notes taken by Reatha B. Johnson, Assistant City Clerk**