

Town of Dallas

Agenda

SEPTEMBER 22, 2020

5:00 PM

BOARD OF ALDERMEN – WORK SESSION MEETING

Rick Coleman, Mayor

Jerry Cearley, Mayor Pro-Tem

Darlene Morrow

Allen Huggins

E. Hoyle Withers

ITEM SUBJECT

Pages

-
1. Pledge of Allegiance to the Flag
 2. Approval of Agenda with Additions Or Deletions
 3. New Business
 - A. Wilson Family Rentals Annexation Request 2
 - B. Parking on S. Pine St. 4
 - C. Lutheran Services Carolinas 6
 - D. Rescue Squad Use of Civic Building 21
 - E. Basketball and December Events Discussion 22
 - F. Continuation of Virtual Board Meetings 23

4. Closed Session

To consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body, which privilege is hereby acknowledged. NCGS § 143-318.11(3)

TOWN OF DALLAS, NORTH CAROLINA

REQUEST FOR BOARD ACTION

DESCRIPTION: Wilson Family Rentals Annexation Request

AGENDA ITEM NO. 3A

MEETING DATE: 09/22/2020

BACKGROUND INFORMATION:

This item was brought before the Board of Aldermen at the July 14th meeting, but was tabled until the September 8th meeting. At the September Meeting, the Board asked to discuss the request further at the September 22nd Work Session.

Wilson Family Rentals, LLC, owner of PID #169183 (no address assigned), is petitioning for annexation into the Town of Dallas. The requested zoning is R-8 "Multi Family Residential" for the development of an apartment community. This parcel is considered non-contiguous.

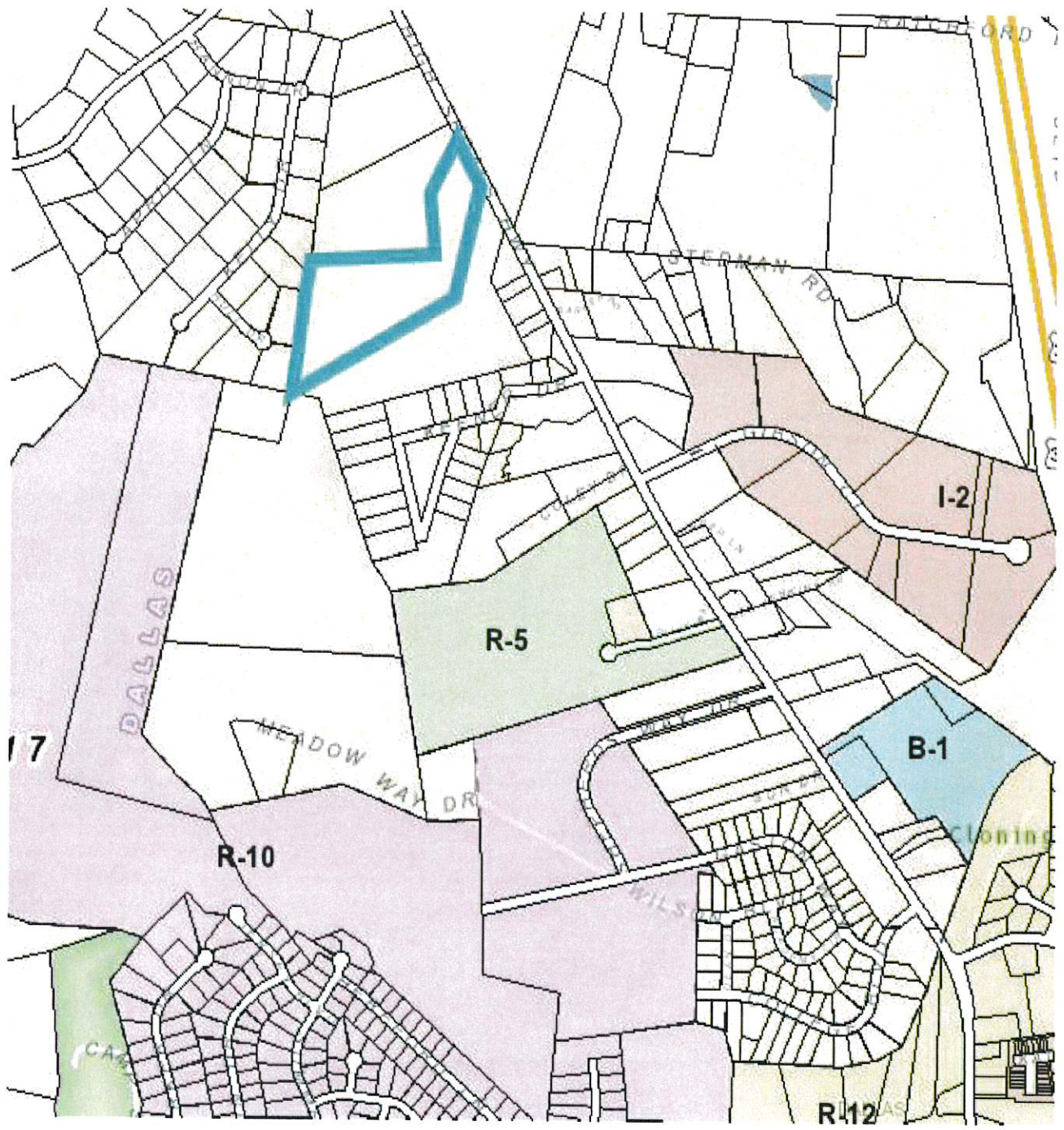
Pursuant to the motion passed by the Board of Alderman on November 12, 2019, and G.S. §160A-58.2, a sufficiency investigation was performed and the petition was deemed sufficient. The 2003 Future Land Use Plan highlights this specific parcel for new residential development.

The Planning Board unanimously approved a motion to recommend the property be annexed in as R-8 during their October 2019 meeting.

To move forward, the Board must fix a date for a public hearing on the annexation. At the hearing, any person residing in or owning property in the proposed area for annexation and any resident of the annexing town may appear and be heard on the question of sufficiency of the petition and the desirability of the annexation.

MANAGER RECOMMENDATION:

BOARD ACTION TAKEN:



TOWN OF DALLAS, NORTH CAROLINA

REQUEST FOR BOARD ACTION

DESCRIPTION: Parking on S. Pine St.

AGENDA ITEM NO. 3B

MEETING DATE: 09/22/2020

BACKGROUND INFORMATION:

Alderman Cearley asked for a discussion concerning parking on the street in the vicinity of the intersection of S. Pine St. and W. Robinson St.

Currently, this area is not listed in the "No Parking" Schedule of the Code of Ordinances.

Attached is a map of the area to be discussed.

MANAGER RECOMMENDATION:

BOARD ACTION TAKEN:



CARR
ELEMENTARY

TOWN OF DALLAS, NORTH CAROLINA

REQUEST FOR BOARD ACTION

DESCRIPTION: Lutheran Services Carolinas

AGENDA ITEM NO. 3C

MEETING DATE: 09/22/2020

BACKGROUND INFORMATION:

In December 2002, the Town of Dallas became a Secured Party for a Promissory Note in the amount of \$230,000 for the DHS Apartments, LLC. Under the terms of the Note, the owners would make an annual interest-only payment to the Town. On December 10, 2024 the principal amount (\$230,000) and any accrued interest would be due and payable to the Town. The original managing partners of DHS Apartments, LLC were Mr. William B. Farris and Mr. Scott A. Redinger.

On May 12, 2015, the Dallas Board of Aldermen approved the replacement of Mr. Farris by LSA Management, Inc., doing business as Lutheran Services Carolinas (LSC), as a co-managing partner (see attached letter). Then, on October 8, 2019, the Dallas Board of Aldermen approved the replacement of Mr. Redinger by LSA Management, Inc., doing business as Lutheran Services Carolinas. This resulted in LSC being the sole managing member under the terms of the agreement and the promissory note (see attached letter along with the Assignment and Assumption of Agreement).

In a letter dated August 31, 2020, LCS is requesting that the Town forgive the promissory note (see attached letter), which means that the Town would not receive the agreed upon \$230,000 and any accrued interest that is payable December 10, 2024.

Also attached is the original Security Agreement and Promissory Note that LSC accepted when they became the sole managing member in November 2019.

MANAGER RECOMMENDATION:

BOARD ACTION TAKEN:



May 13, 2015

Mayor

Rick Coleman

Aldermen

Jerry Cearley
Stacey Walker Duff
Allen Huggins
Darlene Morrow
Hoyle Withers

Town Manager

James Palenick

Town Clerk

Maria Stroupe

Town Attorney

J. Thomas Hunn

Public Utilities

Bill Trudnak

Electric

J. Douglas Huffman

Police Chief

Gary Buckner

Development Services

Jack Kiser

Fire Chief

Steve Lambert

Recreation

Anne Martin

Town of Dallas
210 N. Holland St.
Dallas, NC 28034

Phone:

704-922-3176

Fax:

704-922-4701

Web Page:

www.dallasnc.net

Mr. Ted Goins Jr., President
LS Carolinas
P. O. Box 947
Salisbury, NC 28145-0947

Re: Replacement of William Farris as Co-Managing Member; Dallas High School Apartments, LLC.

Dear Mr. Goins Jr.:

Please allow this correspondence to serve as official notice and documentation that, the Town of Dallas, North Carolina, as approved by unanimous action of its Board of Aldermen at a Regular Board Meeting held on May 12, 2015, formally authorized the replacement of William Farris, by LSA Management, Inc, doing business as Lutheran Services Carolinas (LSC), as "Co-Managing Member" under the terms of the development agreement and \$230,000 promissory note held by the Town of Dallas on the property known as the "Dallas High School Apartments" (DHS Apartments, LLC.)

We are pleased that LSA Management has taken on this role and believe that your firm will act as effective stewards in managing and maintaining this important source of quality and affordable housing for the low income senior population in the Town of Dallas.

If you require additional information or documentation, please don't hesitate to contact me at your convenience.

Sincerely,

James M. Palenick
Town Manager

✓ Cc: Maria Stroupe, Town Clerk/Admin Services Director.
Rick Coleman, Mayor





Mayor

Rick Coleman

Aldermen

Jerry Cearley
Allen Huggins
Darlene Morrow
Stacey Thomas
Hoyle Withers

Town Manager

Maria Stroupe

Town Clerk/HR

Da'Sha Leach

Finance

Jonathan Newton

Town Attorney

J. Thomas Hunn

Police

Allen Scott

Electrical

J. Doug Huffman

Public Works

Bill Trudnak

Development Svc

Tiffany Faro

Fire Chief

Earl Withers

Recreation

Garrett Lowery

Town of Dallas
210 N. Holland St.
Dallas, NC 28034

Phone:

704-922-3176

Fax:

704-922-4701

Web Page:

www.dallasnc.net



October 9, 2019

Mr. Ted W. Goins, Jr., CEO and President
Lutheran Services Carolinas
P.O. Box 947
Salisbury, NC 28145-0947

Re: LSC as Sole Managing Member of Dallas High School Apartments LLC

Dear Mr. Goins:

Please allow this correspondence to serve as official notice and documentation that the Town of Dallas, North Carolina, as approved by unanimous action of its Board of Aldermen at a Regular Board Meeting held on October 8, 2019, formally authorized the replacement of Scott Redinger by LSA Management, Inc. doing business as Lutheran Services Carolinas (LSC), making it the sole managing member under the terms of the development agreement and \$230,000 promissory note held by the Town of Dallas on the property known as the Dallas High School Apartments (DHS Apartments LLC).

We are pleased that LSA Management has taken on this role and believe that your firm will act as effective stewards in managing and maintaining this important source of quality and affordable housing for the low income senior population in the Town of Dallas.

If you require additional information or documentation, please don't hesitate to contact me at your convenience.

Sincerely,

Maria Stroupe
Town Manager

Cc: Da'Sha Leach, Town Clerk
Rick Coleman, Mayor

STATE OF NORTH CAROLINA

ASSIGNMENT AND ASSUMPTION OF AGREEMENT

COUNTY OF CATAWBA

This Assignment and Assumption Agreement (this "Assignment") is entered into on the day and dates hereinafter stated, by and between **LSA Management, Inc. d/b/a Lutheran Services Carolinas**, a North Carolina non-profit corporation (hereinafter referred to as "Assignor"); and **Dallas High School Apartments, Inc.**, a North Carolina non-profit corporation and affiliate of Assignor (hereinafter referred to as "Assignee").

WHEREAS, Assignor, as Purchaser, entered into that certain Real Estate Purchase Agreement dated August 15, 2019, as amended (the "Contract"), with DHS Apartments, LLC, a copy of which is attached hereto and incorporated herein as Exhibit "A";

WHEREAS, §19 of the Contract states that "[u]pon written notice, but without further consent of, Seller, Purchaser may assign its rights and delegate all obligations hereunder to a nonprofit entity affiliated with Purchaser.";

WHEREAS, §8(a) of the Contract states that "[t]he closing of this transaction shall take place on or before forty-five (45) days following the parties' receipt of written confirmation of approval by Greystone Servicing Corporation, Inc. ("Greystone") of Purchaser's assumption of the first position mortgage held by Greystone and the second position mortgage held by Town of Dallas, North Carolina ("Dallas");

WHEREAS, Assignor, pursuant to these terms hereby agrees to assign all of its rights, privileges, duties, and liabilities that it has under the Contract to Assignee, and Assignee agrees to assume all of such rights, privileges, duties, and liabilities of Assignor as set forth in the Contract.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements as set forth in the Contract and as hereinafter contained, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows, to wit:

1. Assignor hereby assigns and transfers to Assignee all rights, privileges, duties and obligations that it has under the Contract, and Assignee hereby assumes all rights, privileges, duties and obligations of Assignor in connection therewith.
2. This Agreement shall become effective only upon approval by Greystone and Dallas of the assumption of their respective mortgages by Assignee.
3. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Copies of signatures hereto shall be deemed originals for all purposes. Facsimile signatures to this Agreement shall be deemed original signatures for all legal purposes.

IN WITNESS WHEREOF, the parties have set their respective hands and seals as of the dates set forth below.

ASSIGNOR:

LSC MANAGEMENT, INC. d/b/a LUTHERAN SERVICES CAROLINA,
a North Carolina non-profit corporation

By:

 (SEAL)
Ted W. Goins, Jr., CEO and President

Date:

11-6-19



August 31, 2020

Ms. Maria Stroupe
Town Manager
Town of Dallas
210 N. Holland Street
Dallas, NC 28034

Dear Ms. Stroupe:

I hope you and the Town of Dallas are doing as well as you can during this COVID environment. Lutheran Services Carolinas (LSC) has now been associated with Dallas High School Apartments for five years. We are privileged to provide low-income apartments for Dallas area citizens. The program is even more meaningful to me as my Mother and her three sisters all attended school there, and a distant relative lived there.

In May 2015, I stopped by the Town of Dallas office to pick up the attached letter from the Town agreeing to allow us to become the Co-Managing Partner. The Town is involved under the terms of the development agreement and the promissory note generated by a grant from the N.C. Housing Finance Agency for Dallas High School Apartments. If you recall, Lutheran Services Carolinas stepped into the managing partnership as the project evolved from a tax credit transaction to our mission-centered nonprofit community service. The Town of Dallas approved LSC as the sole managing member on October 8, 2019.

For over a year we have been trying to complete the acquisition of the property from the investors, but the federal red tape has been difficult. The Fannie Mae process has been complicated, and COVID has made it even more difficult.

After a year of effort, LSC determined our best path was to take out the Fannie Mae loan and borrow funds from our national Lutheran church/ministry investment fund. For LSC to do this, we would like to request that the Town of Dallas forgive the promissory note. LSC would be willing to execute documents that the principal amount at the time of forgiveness would be repaid to the Town of Dallas if LSC sold the building, or if LSC discontinued the program.

As stated, LSC loves serving the Dallas community through Dallas High School Apartments. We look forward to continuing to do so for many years to come. Please email me or call me at 704-754-8220 with your thoughts on our request. Or please contact me if you have any questions, or if I have misstated any of the facts and issues. LSC does not do this type of work every day, so I am unfamiliar with how all these pieces fit together.

Thank you for your time and patience.

Sincerely,

A handwritten signature in black ink, appearing to read "Ted W. Goins, Jr.", written over a white background.

Ted W. Goins, Jr.
President

kkm

Enclosure

STATE OF NORTH CAROLINA)
)
COUNTY OF GASTON)

SECURITY AGREEMENT

THIS SECURITY AGREEMENT made this 10th day of December, 2002, by and between DHS APARTMENTS, LLC, located at 108 N. Kerr Avenue, Suite C-3, Wilmington, North Carolina 28405 (the "Debtor") and TOWN OF DALLAS located at 210 N. Holland Street, Dallas, North Carolina 28034 (the "Secured Party").

RECITALS:

A. Debtor has executed and delivered to Secured Party a Promissory Note (the "Note") of even date pursuant to which Secured Party has agreed to extend to the Debtor the sum of Two Hundred Thirty Thousand and 00/100 Dollars (\$230,000.00) (the "Loan").

B. Secured Party was unwilling to make the Loan unless Debtor agreed to provide Secured Party a security interest in all the Collateral (as defined below).

C. As a material inducement to Secured Party to make the Loan, Debtor has agreed to grant Lender a security interest in the Collateral according to the terms of this Security Agreement.

NOW, THEREFORE, in consideration of the premises, Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency which are hereby acknowledged, the parties agree as follows:

1. Creation of Security Interest. To secure the indebtedness and obligations of the Debtor evidenced by the Note, Debtor agrees to, and hereby does, grant to Secured Party a security interest in the Collateral (as defined in paragraph 2) and all proceeds thereof.

2. Collateral. The term "Collateral" means all of the personal property more particularly described on the attached **Exhibit A** and all additions and accessions thereto and replacements thereof, now or hereafter acquired by Debtor.

3. Covenants and Warranties. Debtor covenants and warrants that it:

3.1 Is the lawful owner of the Collateral, and, the security interest hereby created constitutes a valid lien upon and security interest in the Collateral.

3.2 Shall maintain and pay for insurance on the Collateral against the risks of fire (with extended coverage) and such other risks as Secured Party may reasonably require, with insurance companies authorized to do business in the states where the Collateral is located and in policies acceptable to Secured Party which shall include Secured Party as a loss payee. The proceeds of any such policy shall be deemed proceeds of the Collateral.

3.3 Shall pay, when due, all taxes, assessments and other charges levied or assessed upon the Collateral.

3.4 Shall execute and deliver to Secured Party, concurrently with the execution of this Agreement and upon the request of Secured Party from time to time hereafter, all financing statements and other documents reasonably required to perfect and maintain the security interests created hereby and Debtor hereby irrevocably makes, constitutes and appoints Secured Party as its true and lawful attorney, to sign its name on any financing statement, continuation of financing statement, or similar document required to perfect or continue the perfected security interests created hereby.

3.5 Debtor's headquarters, chief executive office and principal place of business is located in New Hanover County, North Carolina.

4. Default.

4.1 Any of the following shall constitute a default hereunder:

(a) The failure of Debtor to pay, perform or observe any covenant or condition set forth in this Security Agreement;

(b) There occurs a default under the Note; or

(c) Any other event or condition constituting a default under the North Carolina Uniform Commercial Code or other applicable law.

4.2 In the event of default:

(a) Secured Party shall have all of the rights and remedies of a secured party under the North Carolina Uniform Commercial Code and under other applicable law and may require Debtor to assemble the Collateral for Secured Party's benefit; and

(b) Secured Party may accelerate and declare immediately due and payable the outstanding balance of the Note.

(c) No delay or omission of Secured Party in the exercise of any right or remedy arising from a default by Debtor shall impair such right or remedy or be construed as a waiver of same.

5. Application of Proceeds. The proceeds of any sale of the Collateral or any interest therein, whether pursuant to foreclosure, power of sale or otherwise, or other sums retained by Secured Party, upon the occurrence of a default shall be applied to pay:

First: The costs and expenses of the sale, reasonable attorney's fees, Secured Party's fees and expenses, court costs and other expenses or advances

made or incurred in the protection of the rights of Secured Party or in the pursuance of any remedies hereunder;

Second: The outstanding balance of the Note; and

Third: The balance, if any, as required by law.

6. Payment of Costs, Attorney's Fees and Expenses. Debtor shall pay any and all costs, attorney's fees and other expenses of whatever kind incurred by Secured Party in connection with the collection of any of the indebtedness secured hereby; any litigation involving the Collateral, the lien created hereby, any benefit accruing by virtue of the provisions hereof, or the rights of Secured Party; the presentation of any claim under any administrative or other proceeding in which proof of claim is required by law to be filed; any examination of title to the Collateral which may be reasonably required by Secured Party; or taking any steps whatsoever in enforcing this Agreement, claiming any benefit accruing by virtue of the provisions hereof, or exercising the rights of Secured Party hereunder.

7. Miscellaneous.

7.1 Governing Law; Jurisdiction. The interpretation, validity and enforceability of this Agreement shall be governed by the laws of the State of North Carolina. The parties agree that any dispute arising out of this Agreement shall be subject to the jurisdiction of both the state and federal courts in North Carolina. For that purpose, the parties submit to the jurisdiction of the state and federal courts of North Carolina, and Debtor agrees to accept service of process out of any such courts in any such dispute by registered or certified mail addressed to such party.

7.2 Assignment. The obligations and benefits of this Agreement shall bind and inure to the benefit of the parties and their legal representatives, successors and permitted assigns.

7.3 Severability. In the event any term, provision or covenant herein contained or the application thereof to any circumstances or situation shall be invalid or unenforceable in whole or in part, the remainder thereof and the application of said term, provision or covenant to any other circumstances or situation shall not be affected hereby, and every other term, provision or covenant herein shall be valid and enforceable to the full extent permitted by law.

[SEPARATE SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Security Agreement under seal by their duly authorized officers as of the day and year first above written.

SECURED PARTY:

TOWN OF DALLAS

By: *Sam C. Rhyné*
Name: Sam C. Rhyné
Title: Mayor of Town of Dallas

DEBTOR:

DHS APARTMENTS, LLC

By: William B. Farris, Inc., Managing Member

By: *William B. Farris*
William B. Farris, President

By: Scott A. Redinger, Inc., Managing Member

By: *Scott A. Redinger*
Scott A. Redinger, President

EXHIBIT A

A. Improvements. All buildings, structures, betterments and other improvements of any nature now or hereafter erected or located in whole or in part upon the lands in Gaston County, North Carolina, described in Exhibit "A-1" (collectively, the "Land"), regardless of whether physically affixed or now or hereafter severed or capable of severance from the Land (collectively, the "Improvements").

B. Appurtenances. The benefit of all easements, interests, privileges, licenses and other rights of any nature whatsoever benefiting or otherwise appurtenant to the Land or the Improvements, or both, including the benefit of all rights-of-way, easements, riparian and littoral rights, water, water rights and powers, rights to and to sell fill, strips or gores of land, streets, alleys, ways, passages, paving, railroad sidings, drainage rights, sewer rights, and rights of ingress and egress to and from the Land and all adjoining property, whether now existing or hereafter arising, together with the reversion or reversions, remainder or remainders, rents, issues, incomes and profits of any of the foregoing; and all rights, title and interest of the Debtor in and to the minerals, flowers, shrubs, landscaping, crops, trees and timber and other emblements now or hereafter located on the Land or under or above the same, or any part or parcel thereof; and all of the water, sanitary and storm sewer systems and lines now or hereafter owned by the Debtor which are now or hereafter located on, over or upon the Land or any part thereof, including but not limited to all water mains, service laterals, hydrants, valves and appurtenances, lift and pump stations, sanitary sewer lines, sanitary sewer mains, sanitary sewer laterals, sanitary sewer manholes and sanitary sewer appurtenances.

C. Tangible Property. All of the Debtor's right, title, and interest in and to all fixtures, furniture, appurtenances, apparatus, machinery, inventory, goods, supplies, equipment and tangible personal property of any and every nature whatsoever that is now or hereafter (i) attached or affixed to the Land or the Improvements, or both; or (ii) situated upon or about the Land or the Improvements, or both, regardless of whether physically affixed or severed or capable of severance from the Land or Improvements; or (iii) regardless of where situated, used, usable, or intended to be used in connection with any present or future use, operation, occupation or enjoyment of or upon the Land. The foregoing includes any and all: signs and displays; pool and recreational equipment; heating, air conditioning, water, gas, lighting, incinerating, and power equipment; engines, compressors, pipes, pumps, tanks, motors, conduits, wiring, and switchboards; plumbing, lifting, cleaning, fire prevention, fire extinguishing, sprinkling, refrigerating, ventilating, waste removal and communications equipment and apparatus; boilers, furnaces, oil burners, vacuum cleaning systems, elevators, and escalators; stoves, ovens, ranges, disposal units, dishwashers, water heaters, exhaust systems, refrigerators, cabinets, and partitions; rugs, attached floor coverings, curtains, rods, draperies, and carpets; laundry equipment; building materials; furniture, furnishings, office equipment, and office supplies (including stationery, letterheads, billheads, and items of a similar nature); all shades, awnings, blinds, screens, storm door and windows and any additions, accessions, renewals, replacements, and substitutions of any or all of the foregoing, it being understood that the enumeration of any specific articles of tangible property shall in no wise exclude or be held to exclude any items of tangible property not specifically mentioned. The items of property encumbered by this subsection are individually and collectively sometimes called the "Tangible Property".

D. Rents. All rents, issues, incomes, profits, and deposits in any manner arising from the Land, Improvements or Tangible Property, or any combination thereof, including the Debtor's interest in and to all leases, licenses, franchises and concessions of, or relating to, the possession, use, occupancy or enjoyment of all or any portion of the Land, Improvements or Tangible Property, whether now existing or hereafter made, including any and all amendments, modifications, replacements, substitutions, extensions, renewals or consolidations, whether now existing or hereafter made. The items of property encumbered by this subsection are individually and collectively called the "Rents".

E. Proceeds. All and any of Debtor's right, title, interest, property, claim, demand, judgments, awards, proceeds and settlements or payments, including interest thereon, and the right to receive the same, at law as well as in equity, as a result of (i) insurance proceeds paid as a result of a casualty loss affecting the property encumbered by this Security Agreement, or (iii) the alteration of the grade of any street, or (iv) any other injury to, condemnation of, taking or requisitioning of, conversion of (voluntary or involuntary), damage to or decrease in the value of the property encumbered by this Security Agreement.

F. Contract Rights. All of the Debtor's right, title and interest in and to any and all contracts, written or oral, express or implied, now or hereafter entered into or arising, in any manner related to the improvement, use, operating, occupation, enjoyment, sale, conversion or other disposition (voluntary or involuntary) of the Land, improvements, Tangible Property or the Rents, or any interest therein, or any combination, including nay and all deposits, prepaid items and payments due and to become due thereunder, and further including all construction contracts, architects agreements, general contract agreements, design agreements, management agreements, technical services agreements, architectural plans and specifications, sewer and water and other utility agreements, service contracts, advertising contracts, purchase orders and equipment leases.

G. Name. All right, title, and interest of the Debtor in and to all fictitious trade names or other names now or hereafter used in connection with the operation of the Land and Improvements and all related marks, logos and insignia.

H. Other Intangibles. All of the Debtor's present or hereafter acquired right, title, and interest in and to any and all contract rights, accounts receivable, accounts, instruments and general intangibles, as such terms from time to time are defined in the North Carolina Uniform Commercial Code as from time to time in force and effect, as well as reserves held in any reserve account of the Debtor, including the operating reserve, the replacement reserve and any other reserves held in any reserve account of the Debtor, in any manner related to the use, operation, occupation, enjoyment, sale, conversion or other disposition (voluntary or involuntary) of the Land, Improvements, Tangible Property or Rents, or any interest therein, including all permits, licenses, rights to zoning or other development orders or agreements approved and issued by the appropriate agencies of any municipality in Gaston County, and the State of North Carolina, general intangibles, insurance policies and proceeds, actions and rights of action and other choses in action.

EXHIBIT A-1

Legal Description

BEING a certain tract or parcel of land lying and being in Gaston County, North Carolina, the Town of Dallas and being more particularly described as follows:

BEGINNING at an existing 5/8" rebar located on the western right-of-way of Oakland Street, (being 66.0 feet in width), said iron being the southeastern corner of the Town of Dallas, (D.B. 2756, Pg. 568) as recorded in the Gaston County Register of Deeds, said iron also being located South 51°45'17" East, a distance of 1118.10 feet from N.C.G.S. Station "Hoffman" having N.C. Grid Coordinates of N.=175,985.768 meters and E.=411,242.917 meters; thence from said beginning and running with the western right-of-way of Oakland Street, South 3°30'00" West, a distance of 157.99 feet to a drill hole in concrete located at the northeastern right-of-way intersection of Oakland Street and Church Street; thence along the northern right-of-way of Church Street, (being 60 feet in width), North 86°22'42" West, a distance of 329.86 feet to an existing 1/2" rebar located at the northeastern right-of-way intersection of Church Street and Maple Street; thence running along the eastern right-of-way of Maple Street; (being 66.0 feet in width), North 3°30'02" East, a distance of 99.97 feet to an existing 5/8" rebar at the southwestern corner of the First Methodist Church, (D.B. 900, Pg. 654); thence running along their southern line, South 86°21'36" East, a distance of 131.95 feet to an existing 5/8" solid iron at the southwestern corner of the Town of Dallas property (D.B. 2756, Pg. 568); thence along three of their lines, (A) South 86°21'36" East, a distance of 64.98 feet to an existing 5/8" rebar, (B) North 3°33'24" East, a distance of 57.98 feet to an existing 5/8" rebar, (C) South 86°25'22" East, a distance of 132.87 feet to the point BEGINNING, containing 0.9337 acres, be it more or less, as shown on a survey prepared by Tanner and McConnaughey, P.A. dated September 18, 2002, and last revised October 22, 2002;

TOGETHER WITH all rights in, and subject to the obligations of that certain non-exclusive access easement as set out in Book _____, Page _____, Gaston County Registry.

PROMISSORY NOTE

\$230,000.00

Dallas, North Carolina
December 10, 2002

FOR VALUE RECEIVED, the undersigned, DHS APARTMENTS, LLC, a North Carolina limited liability company ("Maker"), promises to pay to the order of TOWN OF DALLAS, a North Carolina body corporate and politic ("Holder") at 210 N. Holland Street, Dallas, North Carolina 28034 or at such other place as the Holder may, from time to time, designate in writing, the principal sum of Two Hundred Thirty Thousand and 00/100 Dollars (\$230,000.00), or so much thereof as may be advanced from time to time. Interest shall accrue on the unpaid principal balance outstanding under this Note from the date of the first advance hereunder until this Note is paid in full, at an annual rate of interest equal to 2.0%, compounded annually.

Commencing December 10, 2004 and continuing on December 10 of each year thereafter until this Note and all amounts due hereunder are paid in full, Maker shall make annual payments of interest and principal equal to the amount of (A) Maker's Net Cash Flow (as defined in Maker's operating agreement, but computed prior to taking into account any deduction therefrom for any repayments made pursuant to this Note to Holder, and computed based on the 12 complete calendar months immediately preceding such due date, instead of on the basis of Maker's fiscal year) generated by Maker's operations for the 12 complete calendar months immediately preceding such due date, to the extent of such Net Cash Flow, if any, as may remain after Maker's payment of or provision for (i) all other debts, liabilities and obligations of the Maker then due and payable to third parties that are not members of Maker, (ii) funding of any operating, replacement, or other reserves required by Maker's other mortgage noteholders or by Maker's investor member under Maker's operating agreement and retention by Maker of any interest earned on all such reserves, and (iii) payment of any unpaid Asset Management Fees due under Maker's operating agreement with respect to the current and all prior calendar years to Maker's investor member divided by (B) 1.15. Any accrued interest and principal remaining unpaid on this Note as of December 10, 2024 shall be due and payable in full on such date.

The obligations of the Maker hereunder shall be non-recourse as to the Maker.

This Note may be prepaid in whole or in part at any time without incurring penalty.

This Note is given to evidence a loan made by Holder to Maker and is secured by a Deed of Trust of even date herewith granting a security interest in that certain tract of land and improvements thereon owned by Maker in Dallas, Gaston County, North Carolina, as more particularly described in the Deed of Trust, as well as a Security Agreement of even date herewith granting a security interest in the personal property, tangible and intangible, used or owned by Maker in connection with the land and improvements discussed in the Deed of Trust, including, without limitation, furnishings, fixtures, equipment, operating reserves, replacement reserves and other such personalty.

In the event that any installment of interest or interest and principal due under this Note shall not be paid for a period of fifteen (15) days after the same shall become due and payable, a late charge of four cents (\$.04) for each one dollar (\$1.00) so overdue may be charged by Holder for the purpose of defraying the expense incident to handling such delinquent payment.

If there is a default in the payment of any part of the principal and/or interest due under this Note as the same becomes due and payable or if there is a voluntary initiation by the Maker of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Maker of any such proceeding, or any assignment by the Maker for the benefit of creditors or the entry by the Maker into an agreement of composition with creditors or the failure generally by the Maker to pay its debts as they become due, then, in any such event, the Holder shall have the option of declaring the entire unpaid principal balance of this Note and all accrued interest immediately due and payable. If, after a default under this Note, it becomes necessary for Holder to place this Note in the hands of an attorney for collection, Maker agrees to pay reasonable attorneys' fees, to the extent allowed by law, and all other costs that may be reasonably incurred by Holder in the collection of sums due under this Note, including any costs incurred by Holder in connection with the filing by Maker of a petition under the United States Bankruptcy Code.

If, for any reason, the effective rate of interest payable under this Note should exceed the maximum interest rate permitted by law, the effective rate of interest due under this Note shall be deemed to be reduced immediately to such maximum lawful rate.

The Maker hereby waives grace, notice, protest, demand, presentment for payment and diligence in the collection of this Note and agrees that its liability for the payment of this Note shall not be affected or impaired by any release or change in the security or by any extension of time for the payment of all or any part of the principal and interest due under this Note.

Whenever used in this Note, the words "Maker" and "Holder" shall be deemed to include its respective heirs, personal representatives, successors and assigns.

[SEPARATE SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned Maker has caused this Note to be executed by its Managing Members and affixed its seal, this 10th day of December, 2002.

DHS APARTMENTS, LLC (SEAL)

By: William B. Farris, Inc., Managing Member

By: William B. Farris
William B. Farris, President

By: Scott A. Redinger, Inc., Managing Member

By: Scott A. Redinger
Scott A. Redinger, President

TOWN OF DALLAS, NORTH CAROLINA

REQUEST FOR BOARD ACTION

DESCRIPTION: Rescue Squad Use of Civic Building

AGENDA ITEM NO. 3D

MEETING DATE: 09/22/2020

BACKGROUND INFORMATION:

Alderman Withers has asked for a discussion to allow the Rescue Squad to use the Civic Building for one day in October and one day in November in conjunction with their annual fund raiser.

MANAGER RECOMMENDATION:

BOARD ACTION TAKEN:

TOWN OF DALLAS, NORTH CAROLINA

REQUEST FOR BOARD ACTION

DESCRIPTION: Upcoming Town Events and Basketball Discussion

AGENDA ITEM NO. 3E

MEETING DATE: 09/22/2020

BACKGROUND INFORMATION:

With the continuing presence of COVID-19, a discussion on whether to hold the annual December Town events and Basketball program is prudent.

The December events include Carols on the Square (1st Friday in December) that attracts 200-300 participants and the Christmas Parade (2nd Friday in December) that attracts an estimated 2000+ participants/parade viewers.

The Basketball program normally begins signups in October with practices beginning late November and games starting at the beginning of January. The nature of the sport requires close contact between participants and the gym bleachers are fully filled with spectators.

Planning and preparation for these events takes several months, so a determination on their status needs to be made.

MANAGER RECOMMENDATION:

BOARD ACTION TAKEN:

TOWN OF DALLAS, NORTH CAROLINA

REQUEST FOR BOARD ACTION

DESCRIPTION: Continuation of Virtual Board Meetings

AGENDA ITEM NO. 3F

MEETING DATE: 09/22/2020

BACKGROUND INFORMATION:

Since restrictions were put in place in March of 2020 due to COVID-19, Board of Aldermen meetings and work sessions have been available exclusively via Zoom until the Board meeting held on September 8th. This meeting was open to the public with limited capacity after passing through a health screening.

If there is a desire by the Board to continue to offer a virtual viewing option for Board meetings on a permanent basis, it the recommendation of Staff to up-fit the equipment in the Community Room to provide a better virtual experience for viewers, particularly in sound quality.

MANAGER RECOMMENDATION:

BOARD ACTION TAKEN: