

Minutes
City Council Meeting
Woodmen Community Center
Recessed June 4, 2018 Meeting
Tuesday, June 12, 2018

Those present: Councilmember Robert Swinson, Sammy Aiken, Joseph Tyson, Kristal Suggs and Mayor Pro Tem Felicia Solomon

Those absent: Mayor Don Hardy

Also present: Tony Sears, City Manager and James Cauley, City Attorney

Mayor Pro Tem Solomon called the meeting to order and stated that this City Council meeting is being reconvened from Monday, June 4, 2018 until today, Tuesday, June 12, 2018 at 5:30 pm to have a public hearing on the concerns that you [citizens] have on the adoption of the resolution to accept real property, the Woodmen Community Center. We want to hear from as many of you as possible. We realize that you are here because you care. It is pleasing to see so many of you this evening. The goal is to hear your feelings. We will begin with a presentation from the City Manager, Tony Sears.

Tony Sears, City Manager, stated this is an opportunity to hear from the community. Around April 2016, he and the County Manager were invited to a meeting where Woodmen asked if the City and County would be interested in purchasing the facility. We didn't feel the City was in the position to purchase the facility at that time. Around Thanksgiving 2017, we were re-approached and asked about receiving a donation of the facility, debt free. At that time the Woodmen was so anxious that they presented sell documents at this meeting. We said we would be interested. In January 2018, we had a joint meeting with the City and County, and the purpose was to discuss combining services and there was additional conversation about whether or not to accept the donation. The attorney has been going through the documents and we have had conversations with Woodmen about different things in the contract that were not acceptable. We didn't think the terms included in the documents were in the best interest of the City, so we had negotiations with the Woodmen to get what we thought would be the best receivership of the Woodmen. That document was presented in the City Council's agenda last Monday. It protects our interest and your interest. What is important to understand is that in order for the City to receive the Woodmen, there has to be one condition above all else, and that is no tax dollars will be needed to operate the facility. It is paramount to the City Council that this facility be financially stable and self-supportive. We have provided copies of the actual audit. The Woodmen Foundation owns the facility and there is an agreement where the City operates the facility on their behalf.

The numbers in the first full year of operation was 2014 were unsustainable. Those numbers were great. We knew that the community center would bring people who were curious, interested and wanted to come. The numbers in 2014 exceeded our expectations. From 2015 to 2017, there was a decline in the revenues and membership, but even with the decline, it was still profitable. We made adjustments internally in operations. The Woodmen put out their statement that they have received \$2.4 million to make their debt payments. We don't have access to their debt, only the payments we have made to them. The payments were essentially the positive cash flow from the Center that we returned to the Woodmen. Since the partnership with Woodmen, we have had disagreements. We offered suggestions that the Woodmen chose not to do, and that is their right being owner of the facility. Six years later, we don't have anything new in the water park. We have disagreed about reinvestment into the waterpark, operations, programming, entrance fees, etc. Even if we don't change the efficiency, and the facility cannot sustain itself without the use of tax dollars, the City Council can reevaluate their position and make a decision on what to do with the Center. One way to find out if the Woodmen would actually close the facility is to do nothing. This facility has the opportunity to bring in a lot of outside tax dollars. A lot of our community do not have the opportunity to go out of town to larger cities for larger waterparks. Having this facility gives people the opportunity to have experiences they may not be able to get elsewhere. The City signed a 30 year agreement and after the first five years, it has an out clause, so Woodmen has exercised its option to terminate the agreement. We are not here on behalf of or to speak for the Woodmen. The Woodmen organization has changed, and they have their third CEO since the agreement was signed. Citizens are concerned with how Vernon Park Mall looks. The owner of the mall does not live in Kinston or in the state of North Carolina. If Woodmen closes this facility, what will happen to the facility. The City is not trying to operate and run a business, just provide a service that the facility gives back. We are happy with the current agreement, and Woodmen is not forcing the City to take the property, but they have decisions to make. Either the City can accept it or someone else can buy it and have control of the facility. This meeting is being recorded and we ask that each person who wishes to speak wait until their name is called.

Mike Tribula, 2600 Hodges Road, stated he agrees with a lot of things that Tony said. He loves the agreement the way it sits right now. It is a great facility, and it does us good. In the last week and a half he has done a lot of research and has read Facebook posts from Commissioners Mac Daughtey and Eric Rouse and Mr. Jim Perry posts. He referenced a book by Gordon Whitaker called Local Government in North Carolina, and stated the book says nothing about a recreation department. What bothers him is that over the past five years, Kinston is losing 115 citizens per year, and this is not going to stop. In the City's 2017-18 budget, the Recreation salary and benefits budget was \$138,000 more over four years. We have a City of 20,000 people, and we have 12 recreation facilities. Do we need to own another recreation facility, even though it is self-sustaining. Let's keep it the way it is going. I don't want to take a chance that it will be added to the County's tax increase. If we can keep it the same, I am all for it. It is a great facility,

great for the City of Kinston, but if we look five years down the road, can citizens be guaranteed that no more taxes will go into the running of this facility.

Joe Plasky, 1802 Windsor Road, stated he has been a citizen of Kinston since 1979. It is not true that no tax dollars will be involved because part of the City Manager's and his staff's salaries will go towards directing the facility, just as it does for the electric system. If government implements a marketing plan for the facility, that involves tax dollars. There are two ways to do make business decisions, one is wishful thinking and hand waving and the other is a well thought out and agreed upon business plan. He does not see the business plan in this effort. It would include a marketing plan to stabilize and increase membership. It would include the competition businesses which are tax payers. It would have liability for running the business and that is part of the cost. It would also include the maintenance for the facility. There are other things that would be in the business plan. It would have to have a cash flow analysis for ten years. I do not think you are ready to make this decision. The business plan need to be put together. There was a City Council in the 1970's who got us into the electric business. I use this facility and the Galaxy. When I go to the Galaxy or the Kinston Country Club, there are no lifeguards. When I come to the Woodmen, there are two lifeguards and no people. There is a disconnect on how the facility was set up and run. Please do not make a decision until someone produces a business plan that makes sense.

Danny Rice, 1667 Sabra Drive, stated that he stands behind the official statement of WoodmenLife related to the contribution of the Woodmen Community Center and the Lions Adventure Waterpark to the City of Kinston. As one of many who made this project possible, I am very proud of the success we have experienced in becoming a true community center. We were recognized yesterday by the Governor's office as a model for all communities. The Woodmen Community Center has become a hub for activities, events and meetings. It is a great economic partner for revitalization, increased tourism and attracting people to Kinston. It has become a key amenity necessary for young people and industries to consider selecting Kinston as their home. City, County, Regional and State meetings have utilized the facility. It is a safe, family oriented and inclusive environment for children, young people, families and seniors with multiple health focused activities. It has become an employment opportunity in our area, including for over 100 young people each summer. Parrott Academy now has a home pool, making it possible for the Academy to host home swim meets. The Lions Adventure Waterpark has bought hundreds of thousand visitors to our area with a significant impact on economic development. Young people with disabilities and visual impairment have had their first waterpark experience. A once visual blight has been turned into a welcoming view for visitors at a key entrance into our City. Lifestyles have been enhanced according to our members with better fitness and regular exercise. I have spent my adult life sharing my personal time and resources in an effort to make ours a better place for all of our citizens. I never have and never will support any feature that would have a negative impact on our great City. I have full

confidence in our City Council, City Manager, Parks and Recreation and Woodmen staff to continue to operate this valuable facility in an efficient and profitable manner.

Ella Clarke, Hodges Road, stated she has retired, now work part-time with Parks and Recreation, and also a member of WoodmenLife. You created this place and for years the only thing I ever did was walk through, go upstairs to the Parks and Recreation offices. Last year, I decided to join in June. I actually didn't start coming until February, and since then, I have been in this building five days a week every week. The first thing that changed was my attitude and then came all the other things. I am enjoying something like I have never enjoyed before in my life. In January, I will be 70 years old and there will have been a major change. I do not want to see this place close. I have supported Parks and Recreation for many years. I traveled with Bill Ellis all across this State and people always talk about Kinston and now they talk about this waterpark. Incidents and accidents happen everywhere, but thank God it is not an every day occurrence. We need this facility for our children. Think a little beyond some of the other things that have been said to have to take place. Think about the citizens and what we have in this facility.

Bill Ellis, 2106 Emerson Road, retired Parks and Recreation Director, stated Woodmen Life came to us and they wanted to build a community center for \$1 million to do something good in Eastern North Carolina. This was their new national model. They wanted to build a gymnasium with offices. I told them that it would not work and that it would never pay for itself because there are too many gymnasiums and too many offices in the community. We met with the Committee of 100 and got a lot of other people involved in this project to make it work. We decided to include an elevated walking track where senior citizens could walk, we wanted to include basketball courts, a fitness center, a meeting room, a game room for teenagers, and a daycare for young mothers. We determined that it would not pay for itself with those amenities, and we decided to build a waterpark. We got together with the Lions Club Industries for the Blind and they donated over \$2 million to the project. We became the most visually impaired friendly waterpark in the world. We went to Las Vegas and accepted an award, and the previous year it was won by Dubai, for this park and we did it with a \$2.1 million gift from the Lions Club. A lot of people with a lot of heart and a lot of vision has made it so successful. We had a private company put \$9,700,000 in our community with the goal of doing a project like this in other places. For the six years of operation, we made a net profit of \$2,465,000 more money than we spent in five and a half years. Woodmen was going to build this model all over the country, but lawsuits and things happened and they decided to get out of the business and just give away American flags. This company chose Kinston. They could have taken this facility anywhere. The City of Rocky Mount is building \$34 Center with tax dollars with 18 gyms. City of Goldsboro built a \$10.4 million community center with tax dollar. The City of Smithfield built a \$12.8 million community center with a water feature, the City of Wilson is building a \$13.4 million project with tax dollars. We have a private company willing to give us a \$15 million facility and we

don't have to use tax dollars pay for it. It will make money or break even. We can take the profit and put it in a capital fund to pay for future projects and then take some of the extra money to build a wave pool and slide. I love this facility, and I promise you that it will work. I have been the Parks and Recreation Director for over 20 years. I have seen it, I have lived it, I know the people that it has helped and there is some value to Parks and Recreation. I know people who have had lung transplants, and they get up to come out to walk the track at 6:00 in the morning because they can't do it anywhere else. This facility is for everybody in our community whether they are rich, poor, black, white, young or old. We are very fortunate to have it.

Brooketah Banks, 1912 Mount Vernon Estates and Part-Time Woodmen Employee, stated being here is very personal. We have talked a lot about budget and numbers. For me it is a part-time job, but for some of my coworkers, it is a full-time job. When you talk about closing the facility, you are talking about losing jobs. This is an asset to our community. I cannot stress enough that it is an affordable place for parents and grandparents to bring children. This facility was built with every one of us in mind and it has changed so many people lives. We desperately need this place. There are so many things that can be worked out if we just take our time. Ultimately, this is a great asset to Kinston, and it need to stay open because we needed this place.

Dorian Edwards, 2111 Sparre Drive, stated, we don't get to decide whether this stays open or closes, but we can decide whether we are going to have a proactive or reactive mindset. If we take the donation of the Woodmen Center, it will be debt free. It appears that we have been in a five year marriage with the Woodmen, and they want a divorce and they are going to give us a house. If at any time this becomes a burden and have to use tax dollars, they [City Council] can sell it. I think we can trust them [City Council] at their word that it will not use our tax dollars. The documents show that in the last five years, there have been profits, and the profits can take care of the expenses. It is my belief that it will maintain the profits. The Woodmen Center has benefited me. When I would come home from college, I would workout at this center. I have taken Zumba classes here. This is where I met my wife for the first time. This benefits the community and it is about looking at the glass half empty versus the glass being half full. I think it is an opportunity to take the Woodmen Center, use it and have it in our community. If we want to see the benefits of our labor, it takes investment in our community. Woodmen is willing to pay off the \$9 million debt associated with this facility, so they are investing in our community. It would be crazy to not take the free investment and use it for our community.

Josh Bass, 2171 Thather Drive, Woodmen Employee, stated Woodmen Waterpark is where 15 and 16 year olds are taught skills like customer service, how to handle situations and not allow the stress to freeze them up in a situation. I receive calls from people who want internships or a job as a lifeguard. We have a lot of big events at the facility. This past Friday we had an event by the NC deaf and blind organization and they taught staff sign language for emergencies and things that everyone should know, especially if you work with the public. They had a great time

and they are already coordinating for next year. We have visitors who come from out of town to enjoy the facility, and they know it is safe. We have 150 employees every summer and it gives them something to put on their resume. I hope you take into consideration the number of jobs that would be loss.

Jim Nix, 3003 Hillman Road, stated he likes the center and he thinks that it is great. His concern is sharing liability. With the pending lawsuit, after Woodmen signs this over, if it is legal, would the liability be shared. He also questions the profitability because government is not in the business of making profits. A lot of gym and waterpark owners were upset for \$1 million of taxpayer dollars going into the project. There was no public forum. I'm sure you will make a good decision, but I will remind you that you are stewards of taxpayer dollars. I think it is a great thing and if the City ends up with the property, I think they should hand it over to a private entity and let them operate it. He thanked City Council for having the forum.

Jim Perry, 3504 Lakeview Trail, stated he is supportive of the facility, the people who work here and the intent of those who bought it to our community. I have no desire to see this facility close. The Woodmen agreement and financial statements are complicated and convoluted. There is intermingling of Woodmen Foundation funds, Woodmen Center and the City of Kinston. I want people in our community to continue to enjoy this center with the same contractual protection as they have today. I want them protected from operational losses and expensive future capital repairs. I want them to have the protections that were promised to them. When this project was first introduced, we were told that Woodmen would pay all operational losses, then it was changed. They have had \$50,000 in losses per year. We were never responsible for paying the mortgage. Paying the mortgage off isn't giving us anything. I don't want you to allow people to be influenced by incomplete information. Recently, a document was circulating citing net profit of \$2.4 million. Some people know that the contract requires that the City include debt service in the operation budget. Since 2013, the interest on the debt service would reduce the \$2.4 million by roughly \$2.3 million. These figures are posted on the Secretary of State's website on the audited financial statements of the Woodmen Foundation. He would like for it to be explained that the waterpark is not subject to the termination provision. It was obtained, in part, with a \$500,000 Parks and Recreation Trust Fund grant which was obtained by Lenoir County. The City of Kinston currently pays for employees, health insurance and retirement and these are not charged to the Woodmen Community Center. The expense is projected to be around \$155,000 per year. The Woodmen Foundation showed expenses for capital repairs ranging from \$130,000 to \$140,000 and the expenses of \$50,000 to \$70,000 in their 2016 audits which are expenses the City would have in the future. Contractually, the City is obligated to contribute personnel. There are employees who are paid with tax dollars, and the City is not contractually allowed to charge it to the Woodmen. No one desires to see the facility close, but I want the City to get the best deal possible for the citizens. We have 23 years of protection going forward, and why would we give those up. I just want protections for the people. The City has leverage. If

the Woodmen decides to close the facility, I estimate that they have to pay back \$1.8 million which would be a combination of payments to Lenoir County, City of Kinston and repay the Parks and Recreation Trust Fund, if they are allowed to do that. The termination provision does not apply to the waterpark. We are a small population and this is a corporation of \$11 billion in assets. We do not want them to renege on a promise to the people in our community. Future boards cannot be bound the decisions of the current board. It may be the City Council's best intention not to use tax dollars, but you can't bind future boards who could make a different decision. The only protection is the protection what the existing contract offers. If the Woodmen made \$2.4 million why would they be concerned about continuing the protections for us. Any capital repair in excess of \$5,000, they have to pay according to their audit and financial statements. The City doesn't show the contributed personnel, marketing expenses. He asked that City Council look at all of the information and consider the facts before making a decision. I'm not asking that you let the Woodmen close, I am asking that you fight for the citizens and get the best deal the community deserves. Membership and waterpark revenues have declined since 2014. Some things could be done better. I agree with 95% of what Tony [Sears] said and it makes a lot of sense. This is complicated and an emotional decision for some. It is a fantastic facility and Bill Ellis did a great job. I just want the best deal, and I want us to be protected.

Mayor Pro Tem Solomon thanked everyone for coming out and sharing. No one wants to see this center close. She encouraged citizens to continue to share their voices and meaningful conversations with City Council. We have proven that we can agree to disagree, but there was value in everything everyone had to share.

Councilmember Aiken made the motion, seconded by Councilmember Tyson and upon a unanimous vote the meeting which was continued from June 4, 2018 adjourned at 6:42 pm.

Respectfully submitted,

Monique Hicks, City Clerk