

STATE OF NORTH CAROLINA

COUNTY OF VANCE

The Vance County Board of Commissioners met in special session on Monday, March 16, 2009 at 5:00 p.m. in the Commissioners' Conference Room, Vance County Administration Building, 122 Young Street, Henderson, NC. Those Commissioners present were as follows: Chairman Dan Brummitt, Commissioners Deborah F. Brown, Terry E. Garrison, A. Scott Hughes, J. Timothy Pegram, and Danny W. Wright.

Absent: Commissioner Eddie L. Wright

Also present were County Attorney Jonathan S. Care, County Manager Jerry L. Ayscue, Finance Director Steven C. Stanton, and Clerk to the Board Kelly H. Grissom.

County Manager Jerry L. Ayscue gave the invocation.

As advertised, at 5:00 p.m., a public hearing was held to gain citizen input regarding an application to the Local Government Commission for the financing of an elementary school.

As there was no one present who wished to speak on the matter, Chairman Dan Brummitt declared the public hearing closed.

Motion was made by Commissioner Danny W. Wright to approve the resolution authorizing the filing of an application with the Local Government Commission for approval of a financing agreement for an elementary school. This motion was seconded by Commissioner Deborah F. Brown and unanimously approved.

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RESOLUTION
by the
Vance County Board of Commissioners
Authorizing the Filing of an Application for Approval of a
Financing Agreement Authorized by North Carolina General Statute 160A-20

WHEREAS, the County of Vance, North Carolina desires to construct a 773 student elementary school to better serve the citizens of Vance County; and

WHEREAS, the County of Vance desires to finance this Project by the use of an installment contract authorized under North Carolina General Statute 160A, Article 3, Section 20; and

WHEREAS, findings of fact by this governing body must be presented to enable the North Carolina Local Government Commission to make its findings of fact set forth in North Carolina General Statute 159, Article 8, Section 151 prior to approval of the proposed contract.

NOW THEREFORE BE IT RESOLVED, that the Board of Commissioners of Vance County, North Carolina, meeting in special session on the 16th day of March, 2009 makes the following findings of fact:

1. The proposed contract is necessary and expedient because replacement of the existing Clark Street Elementary School is of pressing importance due to accelerating deterioration of the 1923 facility. Further, other nearby elementary schools are overcrowded and the new school will also accommodate students currently being served in modular units.
2. The proposed contract is preferable to a bond issue for the same purpose because the amount of capital required for the proposed construction of the elementary school exceeds the amount that can be prudently raised from currently available appropriations, unappropriated fund balances, and non-voted bonds that could be issued by the contracting unit in the remaining current fiscal year pursuant to Article V, Section 4, of the North Carolina Constitution. Due to the time and cost to issue debt publicly, the current favorable interest cost available for qualified bank loans, and the potential cost savings associated with the current construction market, the County feels this a better option of financing rather than a non-voted general obligation bond issue or a voted general obligation bond issue.
3. The sums to fall due under the contract are adequate and not excessive for the proposed purpose because extensive financial analyses have been undertaken and comparative data have been analyzed which support this conclusion.
4. The County of Vance's debt management procedures and policies are good as the County has a long and extensive history of proper debt management including a 100% payment record for all existing indebtedness and an otherwise conservative and sound overall approach to utilization of debt.
5. The increase in taxes necessary to meet the sums to fall due under the proposed contract will be 1.4 cents per \$100 valuation and is not deemed to be excessive.
6. The County of Vance is not in default of any of its debt service obligations.
7. The attorney for the County of Vance has rendered an opinion that the proposed Project is authorized by law and is a purpose for which public funds may be expended pursuant to the Constitution and laws of North Carolina.

BE IT FURTHER RESOLVED, that the Chairman of the Board of County Commissioners and the County Manager are hereby authorized to act on behalf of the County of Vance in filing an application with the North Carolina Local Government Commission for approval of the Project and the proposed financing contract and other actions not inconsistent with this resolution.

This resolution is effective upon its adoption this 16th day of March, 2009.

The motion to adopt this resolution was made by Commissioner Danny W. Wright, seconded by Commissioner Deborah F. Brown and passed by a vote of 7 to 0 .

R. Dan Brummitt (signed)
R. Dan Brummitt, Chairman

Attest:

Kelly H. Grissom (signed)
Kelly H. Grissom, Clerk to Board

This is to certify that this is a true and accurate copy of the resolution Authorizing the Filing of an Application for Approval of a Financing Agreement Authorized by North Carolina General Statute 160A-20 adopted by the Vance County Board of Commissioners on the 16th day of March, 2009.

Kelly H. Grissom (signed)
Kelly H. Grissom, Clerk to Board

March 16, 2009
Date

Motion was made by Commissioner Deborah F. Brown to adopt the resolution approving financing terms for an elementary school. This motion was seconded by Commissioner A. Scott Hughes.

Finance Director Steve C. Stanton stated that the original proposal from BB&T was for an interest rate of 3.87%. He was contacted today by BB&T and was informed that the 3.87% interest rate was for a 15-year loan instead of a 20-year loan. Therefore, the correct interest rate for a 20-year loan is 4.19%, as indicated in the resolution.

Vote to approve the following resolution was unanimous.

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RESOLUTION
by the
Vance County Board of Commissioners
Approving Financing Terms

WHEREAS, Vance County, North Carolina (the “County”) has previously determined to undertake a project for the construction of a 773 student elementary school (the “Project”), and the Finance Officer has now presented a term sheet for the financing of such Project.

BE IT THEREFORE RESOLVED AS FOLLOWS:

1. The County hereby determines to finance the Project through Branch Banking and Trust Company (BB&T), in accordance with the term sheet dated March 10, 2009. The amount financed shall not exceed \$13,000,000, the annual interest rate (in the absence of default or change in tax status) shall not exceed 4.19%, and the financing term shall not exceed twenty (20) years from closing.
2. All financing contracts and all related documents for the closing of the financing (the “Financing Documents”) shall be consistent with the foregoing terms. All officers and employees of the County are hereby authorized and directed to execute and deliver any Financing Documents, and to take all such further action as they may consider necessary or desirable, to carry out the financing of the Project as contemplated by the term sheet and this resolution. The Financing Documents shall include a Financing Agreement and Deed of Trust and a Project Fund Agreement as BB&T may request.
3. The Finance Officer is hereby authorized and directed to hold executed copies of the Financing Documents until the conditions for the delivery of the Financing Documents have been completed to such officer’s satisfaction. The Finance Officer is authorized to approve changes to any Financing Documents previously signed by County officers or employees, provided that such changes shall not substantially alter the intent of such documents or certificates from the intent expressed in the forms executed by such officers. The Financing Documents shall be in such final forms as the Finance Officer shall approve, with the Finance Officer’s release of any Financing Document for delivery constituting conclusive evidence of such officer’s final approval of the Document’s final form.
4. The County shall not take or omit to take any action the taking or omission of which will cause its interest payments on this financing to be includable in the gross income for federal income tax purposes of the registered owners of the interest payment obligations. The County hereby designates its obligations to make principal and interest payments under the Financing Documents as “qualified tax-exempt obligations” for the purpose of Internal Revenue Code Section 265(b)(3).

5. The County intends that the adoption of this resolution will be a declaration of the County's official intent to reimburse expenditures for the project that is to be financed from the proceeds of the BB&T financing described above. The County intends that funds that have been advanced, or that may be advanced, from the County's general fund, or any other County fund related to the project, for project costs may be reimbursed from the financing proceeds.
6. All prior actions of County officers in the furtherance of the purposes of this resolution are hereby ratified, approved and confirmed. All other resolutions (or parts thereof) in conflict with this resolution are hereby repealed, to the extent of the conflict. This resolution shall take effect immediately.

This, the 16th day of March, 2009.

**R. Dan Brummitt (signed)
R. Dan Brummitt, Chairman**

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The next matter addressed was the award of bid for the construction of the elementary school. Chairman Brummitt noted that R.L. Casey, Inc. was the low bidder with a base bid of \$12,756,214. There were also several alternate items included in the bid as follows: Drive to Rock Mill - \$60,459; Middle School Future Site - \$251,485; Water Line - \$36,275; Terrazzo Flooring - \$282,953; Boilers - \$10,500; Pumps - \$13,000; Square D - \$10,000; Fire Alarm - \$2,000; Video Equip. - \$4,300; Vault Sumps - \$3,500; and Kitchen Equip. - \$15,750.

Mr. Robert Duke spoke and stated that the resolution previously approved to borrow \$13,000,000 will fall short of the amount needed to build the school. He also asked the Board not to exclude the terrazzo floors from the project.

Chairman Brummitt responded that the County has the ability to make contributions to this project from lottery proceeds, school building funds, and sales tax revenues, so the County will not fall short of the amount needed to build the school. The resolution allows the County to finance an amount not to exceed \$13,000,000.

Claiborne Woods, Director of School Maintenance, asked the Board not to exclude the Drive to Rock Mill, the Middle School Future Site, and the Terrazzo Flooring from the project. He then introduced the architect's representative for the project, Bradley Williams of Hite Associates. Mr. Williams presented a map of the project and stated that it would be more economical to proceed now with the Drive to Rock Mill and the Middle School Future Site instead of waiting until the middle school is built. He also presented information on construction cost trends over the past several years and stated that the cost per square foot to include all alternates is \$142. According to Mr. Williams,

the cost without the Drive to Rock Mill and the Middle School Future Site would be \$139 per square foot.

Dr. Norman Shearin, School Superintendent, thanked the Board for its efforts up to this point. He asked the Board to include the Terrazzo Flooring in the project as well as the Drive to Rock Mill.

Commissioner Eddie L. Wright was now present at the meeting.

Margaret Ellis, School Board Member, asked the Board not to exclude any alternates from the project and to build a school that the community can be proud of.

David Laudadio, Terrazzo & Marble Supply Companies, spoke in favor of using Terrazzo flooring since it is less expensive to maintain over the years.

County Manager Jerry L. Ayscue reported that the Education Committee had met earlier in the day and formulated the following recommendation regarding the award of bids for construction: Approval of the base bid from R.L. Casey, Inc. and all alternates with the exception of the Drive to Rock Mill, the Middle School Future Site, and the Terrazzo Flooring.

Commissioner Danny W. Wright asked the architect to elaborate on the drive to Rock Mill Road and the dirt bank that may be left without the grading for the middle school. Mr. Williams stated that the drive to Rock Mill would alleviate traffic from Garrett Road and provide a secondary entry and exit from the new school, which will be required when the middle school is built.

Claiborne Woods spoke regarding the grading matter and stated that a 10-foot bank will be left if the grading is not completed for the Middle School Future Site. This will be a maintenance issue as far as cutting the grass that will grow on the bank and a safety issue if any children were to play on the bank. Also, it will hinder the line of site for Mt. Carmel Church.

Commissioner Deborah F. Brown asked if the mound of dirt was already on the site.

James Harris, grading contractor, spoke and stated that there is not a mound there now, but once the grading is completed for the elementary school, there will be a bank of dirt.

Chairman Brummitt stated that the bank of dirt is not something that is going to be built with excess dirt, it is simply current topography that will be at a higher level after the site is graded down to the base level.

Commissioner A. Scott Hughes stated that he would normally follow the committee's recommendation, but made a motion to approve the bid from R. L. Casey, Inc. as presented including the base bid along with all alternates. This motion was seconded by Commissioner Danny W. Wright.

Commissioner Danny W. Wright stated that he was in support of approving everything except the Terrazzo flooring.

Chairman Brummitt stated that he appreciates the efforts made by the Schools as far as wanting a school facility with as many amenities as possible, but the County is in a financial situation now. The Governor may cut more funding that could affect the County.

Commissioner Terry E. Garrison stated that the items excluded by the Education Committee's recommendation were excluded solely because of financial reasons. The Board does not want to sacrifice quality in any way, but still needs to be frugal in its financial decision making during these struggling, economical times.

Commissioner A. Scott Hughes amended his motion to exclude the Terrazzo Flooring from the bid proposal. The amendment died for lack of a second.

Vote on the motion to approve the bid from R.L. Casey, Inc. as presented, including all alternates failed by a vote of ayes - two (2); noes - five (5) with the supporters being Commissioner A. Scott Hughes and Commissioner Danny W. Wright. The dissenting votes were cast by Commissioners Brown, Brummitt, Garrison, Pegram, and E. Wright.

Motion was made by Commissioner Deborah F. Brown to accept the bid proposal from R.L. Casey, Inc. as presented, excluding the Middle School Future Site and the Terrazzo Flooring. This motion was seconded by Commissioner Terry E. Garrison and unanimously approved.

As there was no further business, at 6:00 p.m., motion was made by Commissioner Deborah F. Brown, seconded by Commissioner A. Scott Hughes, vote unanimous, that the meeting be adjourned.

Approved and signed April 6, 2009.

Chairman