

CUMBERLAND COUNTY BOARD OF COMMISSIONERS
AND
CUMBERLAND COUNTY BOARD OF EDUCATION
SPECIAL MEETING
JULY 9, 2009, 8:30 AM
BOARD OF EDUCATION - CENTRAL SERVICES BOARD ROOM

PRESENT: Chairman Jeannette Council
Vice Chair Billy King
Commissioner Kenneth Edge
Commissioner Marshall Faircloth
Commissioner Jimmy Keefe
Commissioner Ed Melvin
Greg West, Chairman, Board of Education
Carrie Sutton, Vice Chairman, Board of Education
Macky Hall, Board of Education
Larry Lancaster, Board of Education
Mary Emily Royal, Board of Education
Mac Williams, Board of Education
James Martin, County Manager
Juanita Pilgrim, Deputy County Manager
Amy Cannon, Assistant County Manager/Finance Director
Harvey Raynor, Deputy County Attorney
Sally Shutt, Communications Manager
Frank Till, Superintendent, Board of Education
Tim Kinlaw, Associate Superintendent of Auxiliary Services, Board of Education
Ricky Lopes, Associate Superintendent of Business Operations, Board of Educ.
Beth Maynard, Clerk to the Board of Education
Marie Colgan, Clerk to the Board of County Commissioners
Candice White, Deputy Clerk to the Board of County Commissioners
Press

1. The two Boards were called to order by the Chairman of each Board. Commissioner Kenneth Edge gave the invocation and the Pledge of Allegiance was given.

2. Approval of the Agenda

MOTION: Commissioner Edge moved to approve the agenda.

SECOND: Commissioner King

VOTE: Unanimous

3. Consideration of approval of a resolution from the Board of Education to submit an application to the NC Department of Public Instruction authorizing the issuance of \$15.9M of Qualified School Construction Bonds.

BACKGROUND:

The Board of Education received notification on June 25, 2009, from the Department of Public Instruction (DPI) that Cumberland County was allotted \$15.9M of Qualified School Construction Bonds (QSCB). These new zero interest bonds were established as part of the American Recovery Reinvestment Act of 2009. These instruments may be used for new construction, additions, rehabilitation, repair, or for land acquisition for such a facility.

The process includes an application that must be submitted to the DPI no later than July 31, 2009. The application process requires certification of eligibility of each proposed project, including a spending plan and project schedule. Attached you will find a resolution approved by the Board of Education on July 1, 2009, which includes the necessary information for the application process and a pledge of sales tax and education lottery proceeds for repayment of the debt.

Borrowing under this new program requires the same authorization as any other governmental borrowing, including approval by the Local Government Commission (LGC). Amy Cannon has had preliminary conversations with our Financial Advisor and the LGC concerning this process. Since these bonds are unique in that they are issued without interest, but with tax credits, a market for these instruments has yet to be developed. Potential QSCB holders would be banks, insurance companies, and corporations actively involved in the business of lending money. Per conversation with the LGC, none of these bonds has been placed in North Carolina. We will continue to work with our Financial Advisor and the LGC to take advantage of this lending opportunity as soon as a QSCB market has been established and defined.

ACTION:

Approve the resolution authorizing submission of an application to the NC Department of Public Instruction.

**RESOLUTION CERTIFYING THE ELIGIBILITY
OF THE
QUALIFIED SCHOOL CONSTRUCTION BONDS (QSCB) PROJECT**

WHEREAS, the CUMBERLAND COUNTY BOARD OF EDUCATION (hereinafter "BOARD") has an obligation to make provision for the public school term by providing adequate school buildings properly equipped, and

WHEREAS, the BOARD has determined that students' needs are such that is necessary for the BOARD to undertake construction, rehabilitation or repairs; and,

WHEREAS, the Qualified School Construction Bonds (hereinafter "QSCB") program was established as a part of the American Recovery

and Reinvestment Act of 2009 (Public Law 111-5) (ARRA) effective February 17, 2009; and,

WHEREAS, Bond proceeds must be used for construction (including new construction), rehabilitation, or repair of a public school; or for land acquisition for such a facility; and,

WHEREAS, in accordance with the QUALIFIED SCHOOL CONSTRUCTION BONDS PROGRAM (QSCB) APPLICATION FOR AUTHORIZATION, the BOARD must certify eligibility of the proposed QSCB projects and that the QSCB proceeds will be used as follows:

1. Construction, rehabilitation, or repair of public school facilities for the education of children or for land acquisition for such a facility (not land for a future project).
2. Provision of equipment to be used in the portion of the public school facility to be constructed, rehabilitated, or repaired with QSCB funds (not personal computers or similar technology).

NOW, THEREFORE, BE IT RESOLVED by the Cumberland County Board of Education, as follows:

1. The BOARD hereby affirms its determination to utilize this financial resource for schools within its jurisdiction.
2. The BOARD hereby certifies that the QSCB proceeds will be used for the following projects:

<u>School</u>	<u>Project</u>	<u>Cost</u>
Cumberland Mills Elementary	Classroom Addition	\$1,700,000.00
McArthur Elementary	Classroom Addition	\$1,000,000.00
Cashwell Elementary	Classroom Addition	\$2,100,000.00
Cumberland Road Elementary	Classroom Addition	\$1,000,000.00
Owen Elementary	Classroom Addition	\$1,000,000.00
Westover Middle	Classroom Addition	\$1,400,000.00
Byrd Middle	Classroom Addition	\$1,400,000.00
Long Hill Elementary	Classroom Addition	\$1,000,000.00
Rockfish Elementary	Classroom Addition	\$1,900,000.00
Cape Fear High School	Cafeteria Addition	\$ 500,000.00
E. E. Smith High School	Renovations	\$1,500,000.00
Terry Sanford High School	Renovations	\$1,000,000.00
Manchester Elementary	Roof Replacement	\$ 400,000.00

3. The BOARD hereby certifies the eligibility of the above referenced projects per the North Carolina Guidelines for Qualified School Construction Bonds program; and,
4. The BOARD hereby pledges repayment of the debt with sales tax and education lottery proceeds.

This the 1st day of July, 2009.

THE CUMBERLAND COUNTY
BOARD OF EDUCATION

ATTEST:

Franklin L. Till, Jr., Secretary

By: _____
Greg West, Chairman

Chairman Council advised that she, Superintendent Till and Mr. Kinlaw met with Dempsey Benton in Raleigh regarding the interest exempt bonds which are being considered and which will be a big savings for both groups. Chairman West thanked the Board of Commissioners for considering this item in such a timely manner which is important to accessing stimulus money that is available to the Board of Education. Chairman West advised that his Board has already acted in favor of this item.

County Manager Martin advised he fully supports the resolution, but wanted to make certain that everyone understood that there has been no market established yet for the purchase of this debt. County Manager Martin cautioned that since there has been no other debt like this in this past, it raises an issue of a possible delay before the debt can actually be issued. It is hoped that the market can be established soon, but the debt may not be issued in as timely a manner as hoped. Chairman Council advised that at the meeting she attended, a request was made to the State to put together a packet to assist in the endeavor. Mr. Kinlaw noted that this is new territory and that there are short timeframes to work within. In order to meet the timeline, the design work must be started and two thirds of the project must be bid when it is taken to market. Tax incentives for lending institutions to buy zero interest bonds have to be based on lending institutions that need tax credits. As the market develops, more funds may be available. Mr. Kinlaw added that sales taxes and lottery funds are being pledged as payment of this debt. There is no obligation to the County for the bond cost.

MOTION: Commissioner King moved to approve the resolution authorizing submission of an application to the NC Department of Public Instruction.

SECOND: Commissioner Faircloth

DISCUSSION: Commissioner Keefe questioned if the numbers used to come up to \$15.9M was based on estimates or old quotes. Mr. Kinlaw responded that they were based on his estimate and the current markets. Commissioner Keefe questioned what the Commissioners endorsement today, which will be based on unknown factors, commits them to regarding participation in the project and stated that he is concerned about the length of the loan. Assistant County Manager Cannon responded that the average length would be twelve years which is established by the treasury. Commissioner Keefe questioned further if any penalty is involved if a decision is made not to participate with the rules of the lending institutions.

Mr. Kinlaw advised that the information received in the guidelines shows no penalties, that the resolution just shows that there is interest in participating, that projects meet the requirements and that projects are ready to be started. There is no penalty that he is aware of.

VOTE: Unanimous

(At this point, the Board of Education adjourned their meeting.)

4. Consideration of Approval of Sole Source Procurement for Phone System for the New Health Department Building.

BACKGROUND:

The County Information Services Department has provided a detail justification for the sole source procurement request for the purchase and installation of the voice network portion of the communication system for the new health department building. Per G.S. 14-129 (e)(b) sole source exception is requested with standardization being the overriding consideration as recommended by the County Information Service Department and the County Purchasing Manager.

APPROVE:

Sole source procurement for the purchase and installation of voice network equipment for the new Health Department building.

County Manager Martin advised that information was included in the packet explaining the request for approval of procuring a phone system for the new health department building and the background memo explains the issues. The data portion of the communication system in the new health department was included as a part of the single prime bid award to the contractor, and therefore had been subject to competitive bidding. Standardization of the data network and of the voice/telephone network to provide an integrated communications system is an overriding consideration. In total, \$1,110,000.00 was allocated for the project and the request is for the approval of the same data system vendor to be used for the voice network component of the communication system, which will save about \$150,000.00 if the decision is made before July 24th. Commissioner Keefe questioned whether there will be a monthly service contract with the new system. Assistant County Manager Cannon stated that the County Information Services department will be handling the monthly service. Commissioner Keefe further questioned if all the training is included in the cost and County Manager Cannon confirmed that it was included.

MOTION: Commissioner Edge moved to approve the sole source procurement for the purchase and installation of voice network equipment for the new Health Department building.

SECOND: Commissioner King

VOTE: Unanimous

5. Consideration of approval of budget revision to record closing cost related to the General Obligation (GO) refunding.

(1) General Fund Debt Service

Revision in the amount of \$36,747,603 to budget the proceeds and expenditures related to the issuance of the 2009 General Obligation Refunding Bonds. The proceeds will be used to refund the Series 1998 School G.O. Bonds and the Series 1998 School G.O. Refunding Bonds. (B10-003) **Funding Source – G.O. Bond Proceeds**

County Manager Martin advised that this request gives the County authority to record in the new fiscal year the closing cost related to the general obligation refunding bond. Commissioner Edge asked for clarification on the difference shown of \$36,747,603.00 and the \$35,926,028.85. Assistant County Manager Cannon advised that the difference is the total of the underwriter's discount and the accrued interest. Commissioner Edge also questioned whether there were other comparative bids received other than from Merrill Lynch and Assistant County Manager Cannon explained that Bank of America which merged with Merrill Lynch was the main underwriter and then two other firms, Wachovia and Jackson Security, helped comprise the team which handled the mass sale.

MOTION: Commissioner King moved to approve the budget revision.
SECOND: Commissioner Faircloth
VOTE: Unanimous

MOTION: Commissioner Edge moved to adjourn.
SECOND: Commissioner Melvin
VOTE: Unanimous

Meeting Adjourned at 8:50 am

Clerk to the Board