

CUMBERLAND COUNTY BOARD OF COMMISSIONERS  
AND  
CUMBERLAND COUNTY SCHOOLS - BOARD OF EDUCATION  
MARCH 18, 2014 – 9:00 AM  
CENTRAL SERVICES BOARD ROOM  
2465 GILLESPIE STREET – FAYETTEVILLE, NC  
SPECIAL MEETING MINUTES

COUNTY

PRESENT: Board of Commissioners:  
Commissioner Jeannette Council, Chairman  
Commissioner Kenneth Edge, Vice Chairman  
Commissioner Marshall Faircloth  
Commissioner Charles Evans  
Commissioner Jimmy Keefe  
Commissioner Billy King  
Commissioner Ed Melvin  
James Martin, County Manager  
Amy Cannon, Deputy County Manager  
James Lawson, Assistant County Manager  
Quentin McPhatter, Assistant County Manager  
Phyllis Jones, Assistant County Attorney  
Sally Shutt, Public Information Director  
Melissa Cardinali, Finance Director  
Candice H. White, Clerk to the Board  
Kellie Beam, Deputy Clerk to the Board

BOARD OF EDUCATION

PRESENT: Board of Education Members:  
Greg West, Chairman  
James McLauchlin, Vice-Chairman  
Larry Lancaster  
Alicia Chisolm  
Carrie Sutton  
Michael Boose  
Susan Williams  
Kim Fisher  
Macky Hall  
Frank Till, Cumberland County Schools Superintendent  
Tim Kinlaw, Associate Superintendent  
Betty Musselwhite, Associate Superintendent  
Allison Violette, Associate Superintendent  
Mary Black, Associate Superintendent  
Joseph Locklear, Associate Superintendent  
Ricky Lopes, Associate Superintendent  
David Phillips, School Board Attorney  
Patricia Hollingsworth, Executive Director - Communications  
Pete Horne, Administrative Assistant to Superintendent and Clerk to  
Board of Education

OTHERS

PRESENT: Press

1. CALL TO ORDER AND INVOCATION

Greg West, Chairman of the Board of Education, provided a welcome and called the meeting of the Board of Education to order. Jeannette Council, Chairman of the Board of Commissioners, called the meeting of the Cumberland County Board of Commissioners to order. Mr. West provided the invocation.

## 2. DISCUSSION REGARDING SCHOOL FUNDING AGREEMENT

Mr. West stated he feels it is important to renew the school funding formula to give stability and predictability to both boards, and reflect good governance and a strong working relationship between the Board of Education and the Board of Commissioners. Mr. West stated Cumberland County schools are operating on \$34 million dollars less than they were in 2009 and had to lay off 549 employees. Mr. West stated school employees have been doing far more than their jobs entail without raises for many years. Mr. West stated if the funding agreement is not corrected, it could affect their ability to deliver quality education. Mr. West stated despite their financial pressures, the entire organization was named one of the top four urban school districts in America. Mr. West stated education is the largest opportunity to make a difference and impact generations to come in Cumberland County. Mr. West stated the potential funding agreement is good for the Board of Education and Cumberland County. On behalf of the Board of Education, Mr. West thanked the Board of Commissioners.

Chairman Council stated the Board of Commissioners knows the excellence of the school system. Chairman Council stated the Board of Commissioners knows the school system is doing more with less but unfortunately, the county cannot fill the gap made by state and federal cuts. Chairman Council applauded the Board of Commissioners for not cutting funds to the school system over the last seven years. Chairman Council praised the strong working relationship between the Board of Commissioners and Board of Education.

### NORTH CAROLINA

### INTERLOCAL AGREEMENT

### CUMBERLAND COUNTY

This interlocal agreement is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2014, to be effective as of the 1st day of July, 2014, by and between the Cumberland County Board of Education, a body politic of the State of North Carolina, hereinafter called the BOARD OF EDUCATION, and the County of Cumberland, a body politic of the State of North Carolina, acting through its Board of Commissioners, hereinafter called the BOARD OF COMMISSIONERS, to memorialize an agreement between the parties regarding annual appropriations by the BOARD OF COMMISSIONERS to the school current expense fund of the BOARD OF EDUCATION;

### WITNESSETH:

WHEREAS, the BOARD OF EDUCATION exercises the statutory authority to administer the Cumberland County School System, and the BOARD OF COMMISSIONERS exercises the statutory duty to provide certain school current expense funding to the BOARD OF EDUCATION for that purpose; and

WHEREAS, both the BOARD OF EDUCATION and the BOARD OF COMMISSIONERS agree that investment in public education is a priority of both boards and essential to the economic development of the community and to its quality of life; and

WHEREAS, the two boards recognize that disputes regarding appropriations from the BOARD OF COMMISSIONERS to the BOARD OF EDUCATION for school current expense funding can disrupt the budget processes of both boards and should be avoided; and

WHEREAS, the two boards agree that determining annual school current expense fund appropriations based on a mutually-agreed upon, foreseeable and objectively-derived funding formula has been beneficial in the past and would continue to be beneficial and desirable, and in the public interest; and

WHEREAS, the parties have discussed the re-establishment of a formula for funding school current expense appropriations; and

WHEREAS, the parties acknowledge a mutual consensus that annual school funding increases must be affordable in order to recognize the critical investment in the community's future that funding of public education represents, and to maintain the financial stability of the County; and

WHEREAS, the parties have approved a funding formula that implements those principles, and have authorized entering into this interlocal agreement with each other in order to execute that undertaking; and

WHEREAS, the parties have previously entered into an interlocal agreement or agreements and amendments thereto to accomplish this funding by an agreed-upon formula, with the last such agreement having expired on June 30, 2011, and wish to enter into this interlocal agreement to re-establish and adjust the funding formula, as more particularly set forth herein; and

WHEREAS, the BOARD OF COMMISSIONERS and the BOARD OF EDUCATION have each approved this interlocal agreement and caused such approval to be reflected in the respective minutes of each governing board; and

WHEREAS, the BOARD OF COMMISSIONERS and the BOARD OF EDUCATION desire to enter into this interlocal agreement to set forth the respective undertakings and responsibilities of each party with respect to the BOARD of COMMISSIONERS' annual appropriations to the BOARD OF EDUCATION'S current expense fund;

NOW THEREFORE, pursuant to N.C.G.S. § 160A-461, the BOARD OF EDUCATION and the BOARD OF COMMISSIONERS agree and enter into this interlocal undertaking, as follows:

1. PURPOSE: The parties enter into this interlocal agreement to re-establish an agreed-upon funding formula for annual appropriations from the BOARD OF COMMISSIONERS to the BOARD OF EDUCATION's school current expense fund. The recitals set forth above are incorporated by reference as if fully set forth herein.
2. FY 2015 FUNDING: Because the current expense funding has been maintained at a relatively constant level for the fiscal years since the expiration of the last funding agreement, the parties agree that for the first fiscal year of this interlocal agreement (FY 2015), school current expense funding shall be increased by one percent (1%) above the current funding base amount of \$76,220,676. To that end, for FY 2015, the BOARD OF COMMISSIONERS shall appropriate the amount of Seventy-Six Million, Nine Hundred Eighty-Two Thousand and Eight Hundred Eighty-Three Dollars (\$76,982,883) to the BOARD OF EDUCATION'S school current expense fund.
3. THE FUNDING FORMULA FOR THE SECOND AND SUCCESSIVE YEARS:
  - (a) The Formula. Subject to the provisions hereof, commencing with the second fiscal year of this interlocal agreement (FY 2016), the BOARD OF COMMISSIONERS' annual appropriation to the BOARD OF EDUCATION'S school current expense fund during the remainder of the term of this interlocal agreement shall be equal to those revenues derived from thirty four and six-hundredths cents (\$0.3406) on the County's ad valorem property tax rate, *excluding, however,* and adjusting for any revenues derived from the incremental valuation, as set forth in G.S. 159-107, of a district established under the Project Development Financing Act, Article 6 of Subchapter 4 of Chapter 159 of the General Statutes and pledged to a Revenue Increment Fund, as provided in G.S. 159-107(c), to retire debt issued pursuant to such Act. For purposes of this interlocal agreement, the projected revenue to be derived from thirty four and six-hundredths cents (\$0.3406) on the County's ad valorem property tax rate for each fiscal year shall be deemed to be the revenues estimated for purposes of, and included as an assumption in, the BOARD OF COMMISSIONERS' adopted budget for such next fiscal year, *subject, however,* to such further adjustment as provided in this interlocal agreement.
  - (b) Adjustment for Over/Under Appropriations. The amount to be appropriated as provided herein shall be adjusted to reflect the actual revenues realized and collected by the County from its ad valorem tax levy each fiscal year, as reflected in the County's Comprehensive Annual Financial Report ("CAFR") for each applicable fiscal year. Any adjustment required because of an under-

appropriation due to actual ad valorem property tax revenue collections in excess of those estimated for budget purposes shall be split between the parties with seventy five percent (75%) allocated to the BOARD OF COMMISSIONERS and twenty five percent (25%) allocated to the BOARD OF EDUCATION and to be paid by the BOARD OF COMMISSIONERS to the BOARD OF EDUCATION no later than thirty days after receipt of the CAFR. A preliminary adjustment may occur before fiscal year end if financial data is available to project the twenty-five percent (25%) to be allocated to the Board of Education. Any adjustment required because of an over-appropriation due to actual ad valorem property tax revenue collections less than those estimated for budget purposes shall be fully reimbursed by the BOARD OF EDUCATION to the BOARD OF COMMISSIONERS no later than thirty days after receipt of the CAFR.

- (c) Adjustment for Revaluation. The BOARD OF COMMISSIONERS shall appropriate to the school current expense fund, for any fiscal year during the term hereof as to which a county revaluation shall have taken effect, the amount equal to the revenue derived from the number of cents on the after-revaluation revenue-neutral equivalent tax rate equal to thirty four and six-hundredths cents (\$0.3406) cents on the ad valorem property tax rate prior to such revaluation.
- (d) Adjustment for Economic Development Incentive Agreements. From time to time the BOARD OF COMMISSIONERS formally agrees to and enters into economic development incentive agreements intended to increase and expand the property tax base of the County. Because these agreements create an obligation for the County to make economic development incentive payments over a period of time based on the incremental increase in the County's property tax receipts from the business with which the agreement is made, the amount to be appropriated to the BOARD OF EDUCATION under this interlocal agreement each year shall be adjusted to apply to and reflect only the actual net property tax revenues realized and collected by the county from its *ad valorem* tax levy each fiscal year as a result of any economic development incentive agreements formally entered into by the BOARD OF COMMISSIONERS and then in effect, as reflected in the County's CAFR for each applicable fiscal year. To that end, the amount of the actual net property tax revenues realized shall exclude the amount of any incentive payments made to businesses under the terms of such incentive agreements.
- (e) Adjustment for Tax Increment Financing Agreements or Agreements That Are Structured Like Tax Increment Financing Agreements. The BOARD OF COMMISSIONERS has entered into an agreement with the City of Fayetteville by which the County is obligated to allocate a percentage of the increase in its property tax revenues derived from the increase in the tax base of the Downtown Business District to the City of Fayetteville for the City's use to fund a portion of the debt service on the City's downtown parking deck. This agreement with the City is structured like a tax increment financing agreement. In the future, the County may enter into further such agreements which are direct tax increment financing agreements or are structured like tax increment financing agreements for any purpose for which such financing is permitted. With respect to the existing agreement with the City of Fayetteville and any future agreements which are direct tax increment financing agreements or are structured like tax increment financing agreements, the amount to be appropriated to the BOARD OF EDUCATION under the this interlocal agreement each year shall be adjusted to apply to and reflect only the actual net property tax revenues realized and collected by the County from its ad valorem tax levy each fiscal year as a result of any tax increment financing agreements or agreements structured like tax increment financing agreements formally entered into by the BOARD OF COMMISSIONERS and then in effect, as reflected in the County's CAFR for each applicable fiscal year. To that end, the amount of the actual net property tax revenues realized shall exclude the amount of any increased property tax revenues which are obligated by such agreements.

4. **INCREASED FUNDING FOR OPERATION OF NEW SCHOOL FACILITIES:**  
The BOARD OF COMMISSIONERS and the BOARD OF EDUCATION agree that, during the term of this Agreement, the BOARD OF EDUCATION by resolution(s) may request and the BOARD OF COMMISSIONERS shall fund, an increase in the funding allocation provided for herein, to be used and applied for operating funds of new school facilities, the revenues equivalent up to a cumulative additional 1.5 cents increase in the tax rate, to be allocated to the BOARD OF EDUCATION herein during the term of this Agreement. As used in this Section 4, "1.5 cents" shall mean and refer to 1.5 cents on the tax rate prior to any revaluation, to be adjusted in the event of any revaluation as provided in Subsection 3(c) above. If the BOARD OF EDUCATION shall make a request by resolution for an increase in its funding allocation as authorized herein, it shall provide the BOARD OF COMMISSIONERS, if the BOARD OF COMMISSIONERS shall have so requested, information in such detail as the BOARD OF COMMISSIONERS may reasonably have requested about all additional or increased revenues (i) received by, granted to, or appropriated or authorized to, as the case may be, the BOARD OF EDUCATION and not reflected in the BOARD OF EDUCATION'S budget initially adopted for that fiscal year or (ii) reasonably anticipated to be received by, granted to, or appropriated or authorized to, as the case may be, the BOARD OF EDUCATION in the immediately forthcoming fiscal year.
5. **REDUCTION IN FUNCTIONS:** Neither party shall arbitrarily or unilaterally reduce or eliminate funding for school public health nurses, school resource officers, nor school crossing guards, without mutual agreement of both the Superintendent of Schools and the County Manager expressed in writing. An exception to this funding parameter is the School Resource Officers paid through a state grant approved in December 2013.
6. **WAIVER OF RIGHTS TO JUDICIAL PROCESSES:** In consideration of, and subject to, the BOARD OF COMMISSIONERS complying with the terms hereof, the BOARD OF EDUCATION irrevocably waives and relinquishes its right to initiate and pursue any statutory or judicial process to appeal, mediate, arbitrate or otherwise resolve any dispute between the boards regarding school current expense fund appropriations.
7. **TERM:** The term of this interlocal agreement shall be, and its provisions shall govern appropriations from the BOARD OF COMMISSIONERS to the BOARD OF EDUCATION's school current expense fund for the parties' fiscal years, from July 1, 2014 through June 30, 2018.
8. **RENEWAL:** The parties may renew this interlocal agreement for an additional four-year term upon mutually satisfactory terms. The BOARD OF EDUCATION's Finance Committee and the BOARD OF COMMISSIONERS' Finance Committee shall each respectively assess the benefits and effectiveness of the provisions of this interlocal agreement, and make a recommendation regarding renewal to their respective parent governing board, no later than September 30, 2017. The BOARD OF EDUCATION and the BOARD OF COMMISSIONERS shall each take official action on the respective recommendations and give notice hereunder to the other party no later than December 31, 2017.
9. **AMENDMENT:** The parties may only amend this interlocal agreement by a writing approved by both boards, signed by their respective duly authorized representatives and duly entered into the minutes of their respective minutes.
10. **TERMINATION:** This interlocal agreement may not be terminated except upon mutual consent of both the Board of Commissioners and the Board of Education.
11. **NON-SEVERABILITY:** Each and every provision in this interlocal agreement is material and is relied upon by both parties in entering into it. The breach of any provision by either party shall be deemed a material breach of the entire agreement for which the other party may declare the interlocal agreement to be void and of no further effect. In the event any provision shall be declared null and void by any court of competent jurisdiction, this entire interlocal agreement shall become null and void and of no further effect.

12. MISCELLANEOUS: This undertaking does not require the acquisition or disposition of real property, nor the joint appointment of any personnel.
13. NOTICE: Any notice to be given by either party to the other under this interlocal agreement shall be in writing and shall be deemed to have been sufficiently given if delivered by hand, with written acknowledgment of receipt, or mailed by certified mail, return receipt requested, to the other party at the following address or to such other address as either party from time to time designates in writing to the other party for the receipt of notice:

BOARD OF EDUCATION:  
Superintendent of Schools  
  
Fayetteville, N.C. 28302

COUNTY:  
County Manager  
P.O. Box 1829  
Fayetteville, NC 28302

IN WITNESS WHEREOF the Board of Education and the Board of Commissioners have caused their duly authorized officials to execute this agreement the day and year first above written, pursuant to authority duly given and as their respective acts, intending to be bound thereby and in compliance with the requirements of N.C.G.S. § 160A-461.

MOTION: Commissioner Edge moved to approve the Local Funding Formula for FY2014-2015 through FY2018-2019 as recorded above.

SECOND: Commissioner King

VOTE: UNANIMOUS (7-0)

MOTION: Mr. Lancaster moved to approve the Local Funding Formula for FY2014-2015 through FY2018-2019 as recorded above.

SECOND: Mr. Hall

VOTE: UNANIMOUS (9-0)

### 3. OTHER ITEMS OF BUSINESS

Mr. Lancaster recognized James Martin, County Manager, on his years of service and his upcoming retirement. Mr. West presented Mr. Martin with a plaque.

### 4. ADJOURNMENT

There being no further matters of business, the meeting adjourned at 9:22 a.m.

Respectfully submitted,

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Kellie Beam  
Deputy Clerk to the Board