

**STATE OF NORTH CAROLINA
COUNTY OF McDOWELL
BOARD OF COMMISSIONERS
SPECIAL SESSION/PUBLIC HEARING – FEBRUARY 28, 2013**

ASSEMBLY

The McDowell County Board of Commissioners met in special session at 5:00 p.m. on Thursday, February 28, 2013, in the Commissioners' Board Room, the usual place of meeting.

MEMBERS PRESENT

David N. Walker, Chairman; Barry E. McPeters, Vice-Chairman; Randy Hollifield; Michael K. Lavender; and Joe Kaylor.

OTHERS PRESENT

Charles R. Abernathy, County Manager; D. Fred Coats, County Attorney; Ashley R. Wooten, Deputy Clerk to the Board; Alison Morgan, Finance Officer; Terry English, Chairman, McDowell County Board of Education; Russell Neighbors, McDowell County Board of Education; Dr. Gerri Martin, McDowell County Public Schools Superintendent; Suzanne Rampey, McDowell County Public Schools Finance Officer; and reporter Landdis Hollifield, for THE McDOWELL NEWS.

CALL TO ORDER

Chairman David Walker called the meeting to order.

PUBLIC HEARING TO APPROVE LGC APPLICATION

At 5:00 pm Mr. Walker declared the Board in public hearing and asked the County Manager to provide an overview of the process that has lead to the public hearing tonight. He briefly discussed the requirement of having a public hearing to receive comments on the proposed debt issuance. Mr. Abernathy asked Dr. Martin to review the high school expansion project.

Dr. Martin addressed the board and stated that this project is a continuation of the middle school transition. The middle school renovations are underway and the high school project is the final piece to be completed.

She indicated the low bid of \$9,160.500 from Beam Construction and then reviewed the estimates for the various additional aspects of the project such as architectural engineering, access and parking, and so forth.

She reviewed the bank bids and asked the board to consider the fifteen year term in order not stretch the payments out too far. She indicated that the school board would be interested in paying off the debt earlier if there were available funds.

Chairman Walker expressed his appreciation for the working relationship that exists between the boards. Commissioner Lavender asked Dr. Martin if there was a desire to have a loan term shorter than fifteen years. Dr. Martin said her board would prefer to have a longer term in order to have some flexibility in the event unforeseen circumstances arise.

Mr. Abernathy reviewed the middle school transition project and expressed hopes that the change in school format would result in positive improvements for the community such as higher test scores and lower dropout rates.

Mr. Abernathy reviewed the positive effect of paying off the debt at ten years, which would result in a savings of over \$800,000. He also reviewed the Local Government Commission application and detailed the process that must take place in order for the project to proceed. In reviewing the application, he pointed out that the county's debt level is 0.21 %, well below the limit set by the Local Government Commission.

Mr. Abernathy asked Ms. Morgan to review the bank bids and explain why only three banks out of seven polled responded to the requests for bids. She provided the responses to explain the discrepancy.

Mr. Abernathy reviewed the bids at the 15 year term. They were:

Bank of America

Rate:	2.505%
Total Interest Over Term:	\$1,650,168.75
Fees:	\$7,500
Total Interest and Fees:	\$1,665,549.90

BB&T

Rate:	2.520%
Total Interest Over Term:	\$1,660,049.90
Fees:	\$5,500
Total Interest and Fees:	\$1,665,549.90

PNC

(PNC provided bids on other terms but not on the 15 year term)

Mr. Abernathy reviewed the funding estimates to illustrate that with the additional debt payment for the high school project, there would be excess sales tax revenue that could go toward prepayment of this debt or other capital needs.

A discussion followed regarding the intent to pay the debt off earlier than fifteen years. Mr. Abernathy said that there could be a general agreement between the boards to pay off the debt an earlier time. Commissioner Lavender asked Mr. English if the Board of Education has discussed paying off the debt earlier. Mr. English said the full Board of Education had not discussed the concept. Mr. Neighbors said he would prefer to take care of existing facilities instead of paying the debt off earlier.

Chairman Walker said he would like to have a goal of paying the debt off earlier. Mr. Lavender said he would not want to bind either board to paying off the debt earlier. Commissioner McPeters asked if the school system had a capital improvement/maintenance plan so that there are no surprises. Mr. Neighbors said they deal with a large number of maintenance issues and try to extend the life of facilities as long as possible.

Chairman Walker asked for public comments. With there being no one from the public present, and therefore no public comments, Commissioner McPeters made a motion to go out public hearing, with a second by Commissioner Lavender. The vote to go out of public hearing was unanimous.

Commissioner Kaylor motioned to approve the *RESOLUTION APPROVING FINANCING TERMS* with Bank of America for the loan amount of \$8,500,000.00 for a term of fifteen years at a rate of 2.505% and to approve the *RESOLUTION APPROVING APPLICATION TO THE LOCAL GOVERNMENT COMMISSION* for installment financing for the purpose of constructing an addition of 59,346 heated square feet and 8,730 unheated square feet to the McDowell High School. Commissioner Lavender seconded the motion.

Commissioner Hollifield asked if Commissioner Kaylor would amend his motion to add the option of paying off the loan after seven and a half years. Commissioner Kaylor agreed to amend his motion to add that the county and school board have the option to pay the debt off after seven and a half years. Commissioner Lavender agreed to amend his second. With no further discussion, the board voted unanimously to approve both resolutions.

ADJOURNMENT

There being no further business to transact at this time, upon motion by Commissioner McPeters, a second by Commissioner Lavender, and by unanimous approval, the meeting was adjourned.

DAVID N. WALKER, CHAIRMAN

ASHLEY R. WOOTEN
DEPUTY CLERK TO THE BOARD