MINUTES – May 20, 2019

The Caswell County Board of Commissioners met in regular session at the Caswell County Historic Courthouse in Yanceyville, North Carolina at 6:30 p.m. on Monday May 20, 2019. Members present Rick McVey, Chairman, Jeremiah Jefferies, Vice-Chairman, David Owen, Sterling Carter, Steve Oestreicher, William E. Carter, and Nathaniel Hall. Also present: Bryan Miller, County Manager and Brian Ferrell, County Attorney. Ashley Kirby Powell, Administrative Assistant recorded minutes.

MOMENT OF SILENT PRAYER

Chairman McVey welcomed everyone to the meeting.

Chairman McVey opened the meeting with a moment of silent prayer.

PLEDGE OF ALLEGIANCE

The Board of Commissioners and all guest in the audience recited the Pledge of Allegiance

APPROVAL OF THE AGENDA

Mr. Miller requested to remove item number 12 from the agenda, Final Approval on Senior Center Meals on Wheels Bid.

 Commissioner Owen motioned to approve the amended agenda for the May 24, 2019 agenda, seconded by Commissioner W. carter. The motioned carried unanimously.

APPROVAL OF CONSENT AGENDA

1. Approval of Minutes of May 6. 2019 Regular Meeting
2. Approval of Minutes of May 8, 2019 Special Meeting
3. Approval of Minutes of May, 9 2019 Special Meeting
4. Approval of Minutes of May 14, 2019 Special Meeting
5. Approval of FY 2018-2019 Budget Amendment #7

Commissioner Jeffries motioned to approve the consent agenda, seconded by Commissioner S. Carter. The motion carried unanimously.

PUBLIC COMMENTS

There were no public comments.

RECOGNITIONS

Commissioner S. Carter stated “I have three recognitions, first of all I’d like to send best wishes and safe travel this Memorial Day weekend. Just like Christmas Mr. Chairman, the reason for that Holiday there is plenty of people that were citizens of this county that gave the ultimate sacrifice for their state and this country and I would like to recognize them at this time and also remind the public that on this upcoming Monday May 27, 2019 at 11:00 a.m. a Memorial Day Service will be held at the Civic Center. Also would like to recognize the Busy Bee ribbon cutting today it was a lot of many new menu items, we look forward to their continued success and wish them well. Finally, I’d like to recognize Mr. Joshua Carpenter. He’s a former native of Yanceyville, graduated as valedictorian of N.C. State University this past May 10 and he is a 2015 graduate of Bartlett Yancey High School. I would like to publically recognize him in the meeting but, also recommend the that the Board write him a recommendation letter and I will be happy to help write that, if there are no objections from the Board.”

There was consensus from the Board to approve the letter of recommendation for Mr. Joshua Carpenter.

CASWELL COUNTY CAPITAL PLANNING CASES

Mr. Miller opened the floor to Ty Welford from Davenport.

Mr. Welford gave the Board an update on the debt funding portion of the Bartlett Yancey High School Project. He presented the Board with two different options to either continue with the USDA loan or Public Bond Sale.

# Overview and Assumptions

## The following pages summarize the estimated tax equivalent impact of Caswell County funding various School Projects based on the assumed Sources and Uses below:

Sources Uses

|  |  |  |
| --- | --- | --- |
| Debt Funding | $ 18,500,000 | School Projects $ 35,100,000 |
| State Grant Funding | 15,000,000 | Total $ 35,100,000 |
| School ADM Fund Contribution | 1,600,000 |  |
| Total | $ 35,100,000 |  |

## Two scenarios have been analyzed using an $18.5 million project fund amount:

* + Case 1: Public Issuance via a competitive Bond Sale
	+ Case 2: USDA Loan
* Construction timing assumptions:
	+ February 2020: Project design complete/debt issued/construction begins
	+ August 2021: Finish construction of school

|  |  |  |
| --- | --- | --- |
|  | Case 1 – Public Sale\* | Case 2 – USDA Loan |
| Project Fund Amount: | $18.5 Million | $18.5 Million |
| Structure: | Level Principal | Level Debt Service |
| Term: | 20 Years | 30 Years |
| Debt Issued: | February 2020 (FY 20) | February 2020 (FY 20) |
| First Interest: | August 1, 2020 (FY 21) | June 1, 2020 (FY 20) |
| First Principal and Interest Payment: | August 1, 2021 (FY 22) | June 1, 2022 (FY 22) |
| Interim Financing Required? | No | Yes |

\*Potential exists to structure principal subject to approval by the LGC

# USDA vs Public Bond Sale

|  |  |  |
| --- | --- | --- |
|  | Public Sale | USDA Loan |
| Amortization Term | Up to 20 Years\* | 30 or 40 Years |
| Amortization Structure | Level Principal\* | Level Payment |
| Optional Prepayment Terms | After 10 Years | Anytime |
| Construction Financing Required? | No | Yes |
| Financial Feasibility Study Required? | No | Yes |
| Credit Ratings Needed? | Yes\*\* | No |

|  |  |  |
| --- | --- | --- |
|  | Public Sale | USDA Loan |
| Amortization Term | Up to 20 Years\* | 30 or 40 Years |
| Amortization Structure | Level Principal\* | Level Payment |
| Optional Prepayment Terms | After 10 Years | Anytime |
| Construction Financing Required? | No | Yes |
| Financial Feasibility Study Required? | No | Yes |
| Credit Ratings Needed? | Yes\*\* | No |
| Interest Rate Basis: | Tax-exempt interest rates available at time of Bond Pricing | Published USDA Loan Rate (resets quarterly) |
| Rate Lock Timing: | Rate set on Bond Pricing date via competitive bond issuance process. | Following USDA Application Acceptance/Loan Approval, rate set on prevailing published USDA Loan Rate. |

\*LGC Staff preference/guidance

\*\*County’s current G.O. credit ratings are A1 (Moody’s) and A+ (Standard and Poor’s)

Mr. Welford stated that the interest rate for the USDA is posted quarterly and if rates go down during construction they would reduce the rate, if the rates go up if will not affect it once the rates are locked in, the public market changes daily.

Commissioner S. Carter stated “Just for clarification on that last point once construction starts that’s the rate when it comes to the public market for that project is it always going to change.” Mr. Welford replied no, that would be your rate. Chairman McVey stated if we go with the public rate it is locked but, reducing down from 30 years to 20 years. Mr. Welford replied correct. Chairman McVey questioned are we reducing the amount of interest to 9 million. Mr. Welford replied your reducing your total payments close to 10 million based on current estimates. The total estimated debt services are about 10 million more for the USDA loan, cause the loan is for 30 years not 20 years like the public sale.

|  |  |  |
| --- | --- | --- |
|  | Case 1\* | Case 2 |
| 1 | Funding Method |  | Public Bond Issuance | USDA Loan |
| 2 |  |  |  |  |
| 3 | Amortization |  | 20 Year | 30 Year |
| 4 |  |  |  |  |
| 5 | Principal Structure |  | Level Principal | Level Debt Service |
| 6 |  |  |  |  |
| 7 | Assumed Interest Rate(1) |  | 2.71% | 4.25% |
| 8 |  |  |  |  |
| 9 | Estimated Financing Sources |  |  |  |
| 10 Par Amount $ 16,450,00011 Net Premium 2,350,035 |  | $ 18,715,000- |
| 12 | Total Financing Sources |  | $ 18,800,035 |  | $ 18,715,000 |
| 13 |  |  |  |  |  |
| 14 | Estimated Financing Uses |  |  |  |  |
| 15 | Project Fund |  | $ 18,500,000 |  | $ 18,500,000 |
| 16 | Cost of Issuance |  | 215,000 |  | 215,000 |
| 17 | Underwriter's Discount |  | 82,250 |  | - |
| 18 | Additional Proceeds |  | 2,785 |  | - |
| 19 | Total Financing Uses |  | $ 18,800,035 |  | $ 18,715,000 |
| 20 |  |  |  |  |  |
| 21 | Total Estimated Debt Service |  | $ 24,000,800 |  | $ 34,521,952 |
| 22 |  |  |  |  |  |
| 23 | FY 2021 One-Time Tax Impact(2) |  | 4.60¢ |  | 3.20¢ |

|  |  |  |  |
| --- | --- | --- | --- |
|  | Debt Service Requirements | Revenues Available for D.S. | Debt Service Cash Flow Surplus (Deficit) |
| FY | Existing School Debt Service(1) | Proposed School DebtService | Total | Estimated Sales Tax | Annual Lottery Distribution(2) | Total Revenues Available | Surplus/ (Deficit) | Revenue From Prior Tax Impact | Capital Reserve Utilized | Adjusted Surplus/ (Deficit) | Estimated Incremental TaxEquivalent\* | Capital Reserve Fund Balance |
| 2020 | - | - | - | 560,000 | - | 560,000 | 560,000 | - | - | 560,000 | - | 560,000 |
| 2021 | - | 740,500 | 740,500 | 560,000 | - | 560,000 | (180,500) | 673,900 | - | 493,400 | 4.60 ¢ | 1,053,400 |
| 2022 | - | 1,544,875 | 1,544,875 | 560,000 | - | 560,000 | (984,875) | 673,900 | (310,975) | - | - | 742,425 |
| 2023 | - | 1,503,625 | 1,503,625 | 560,000 | - | 560,000 | (943,625) | 673,900 | (269,725) | - | - | 472,700 |
| 2024 | - | 1,462,375 | 1,462,375 | 560,000 | - | 560,000 | (902,375) | 673,900 | (228,475) | - | - | 244,225 |
| 2025 | - | 1,421,125 | 1,421,125 | 560,000 | 90,000 | 650,000 | (771,125) | 673,900 | (97,225) | - | - | 147,000 |
| 2026 | - | 1,379,875 | 1,379,875 | 560,000 | 90,000 | 650,000 | (729,875) | 673,900 | (55,975) | - | - | 91,025 |
| 2027 | - | 1,338,625 | 1,338,625 | 560,000 | 90,000 | 650,000 | (688,625) | 673,900 | (14,725) | - | - | 76,300 |
| 2028 | - | 1,297,375 | 1,297,375 | 560,000 | 90,000 | 650,000 | (647,375) | 673,900 | - | 26,525 | - | 102,825 |
| 2029 | - | 1,256,125 | 1,256,125 | 560,000 | 90,000 | 650,000 | (606,125) | 673,900 | - | 67,775 | - | 170,600 |
| 2030 | - | 1,214,875 | 1,214,875 | 560,000 | 90,000 | 650,000 | (564,875) | 673,900 | - | 109,025 | - | 279,625 |
| 2031 | - | 1,173,625 | 1,173,625 | 560,000 | 90,000 | 650,000 | (523,625) | 673,900 | - | 150,275 | - | 429,900 |
| 2032 | - | 1,127,500 | 1,127,500 | 560,000 | 90,000 | 650,000 | (477,500) | 673,900 | - | 196,400 | - | 626,300 |
| 2033 | - | 1,086,500 | 1,086,500 | 560,000 | 90,000 | 650,000 | (436,500) | 673,900 | - | 237,400 | - | 863,700 |
| 2034 | - | 1,045,500 | 1,045,500 | 560,000 | 90,000 | 650,000 | (395,500) | 673,900 | - | 278,400 | - | 1,142,100 |
| 2035 | - | 1,008,600 | 1,008,600 | 560,000 | 90,000 | 650,000 | (358,600) | 673,900 | - | 315,300 | - | 1,457,400 |
| 2036 | - | 975,800 | 975,800 | 560,000 | 90,000 | 650,000 | (325,800) | 673,900 | - | 348,100 | - | 1,805,500 |
| 2037 | - | 943,000 | 943,000 | 560,000 | 90,000 | 650,000 | (293,000) | 673,900 | - | 380,900 | - | 2,186,400 |
| 2038 | - | 910,200 | 910,200 | 560,000 | 90,000 | 650,000 | (260,200) | 673,900 | - | 413,700 | - | 2,600,100 |
| 2039 | - | 881,500 | 881,500 | 560,000 | 90,000 | 650,000 | (231,500) | 673,900 | - | 442,400 | - | 3,042,500 |
| 2040 | - | 856,900 | 856,900 | 560,000 | 90,000 | 650,000 | (206,900) | 673,900 | - | 467,000 | - | 3,509,500 |
| 2041 | - | 832,300 | 832,300 | 560,000 | 90,000 | 650,000 | (182,300) | 673,900 | - | 491,600 | - | 4,001,100 |
| Total | - | 24,000,800 | 24,000,800 | 12,320,000 | 1,530,000 | 13,850,000 | Total Tax Effect | 4.60 ¢ |  |
| Total |  | (977,100) |  |  |  |

FY 2018 Value of a Penny (\*) $146,500

  FY 2021 One-Time Tax Impact: 4.60¢

Assumed Growth Rate: 0.00%

* + (1) Analysis assumes existing 2010 G.O. school debt is paid off with cash prior to issuance of new debt.

 (2) Assumes Lottery revenues are unavailable for 5 years after acceptance of $15 million state grant.

Commissioner S. Carter stated “Mr. Chairman back to the interest rate in your experience and what some have told you in public assurance what kind of range are we talking, what is the most you have heard I’m thinking backwards, I’m curious of what it has been with your experience.” Mr. Welford replied as high as 5%. Commissioner S. Carter replied “thank you.”

Mr. Miller stated he would like to make a recommendation to the Board to preserve both options to what the rates look like and to compare rates.

Commissioner Oestreicher questioned Mr. Welford if the Board gives you a construction date can you work with the County Manager to get a time line of what needs to be completed for both options. Mr. Welford replied yes.

Commissioner S Carter stated “from my understanding we were a little bit more time sensitive, what kind of timeline are we working on.” Mr. Miller replied the option of preserving both of the options that we have makes us less time sensitive because, we do not need to know until we get the construction bids back because construction bod will have to be reviewed by the LGC to approve the financing. Commissioner S. Carter questioned “and when are we supposed to get those back.” Mr. Miller replied December-January. Commissioner S Carter questioned “and then at that point aren’t we going to be pretty tight when it comes to, let’s say we go the public route, or if we are having to get credit…” Mr. Miller replied the difference is that is what we need to obtain the credit rating is about 60 days. Mr. Welford replied 60 days with the public rate, if all goes smoothly. Commissioner S Carter replied “yes, if all goes smoothly should we have some buffer in the 60 day period.” Mr. Welford replied 60-90 days. Mr. Miller replied we start tonight by the Board approving the feasibility study it will get things moving along. Mr. Hall questioned how much is the feasibility study. Mr. Miller replied $19,500.00-$21,000.00. Commissioner Oestreicher questioned is there any additional cost to proceed with both routes. Mr. Miller and Mr. Welford replied not a significate cost. Commissioner Oestreicher questioned is the credit report and the feasibility study good for both options. Mr. Welford replied the credit report is for the public option, the feasibility study is for the USDA loan. Mr. Miller replied the feasibility study is not refunded it is reimbursable estimating around $70,000.00-$75,000.00, which is an extra expense if you go the USDA route.

 Commissioner Oestreicher questioned is there any way to jump on the 2.7% interest rate now. Mr. Welford replied no, you need the construction bids in hand to show what the project is going to cost. Commissioner Oestreicher replied can we buy an option. Mr. Welford replied he could explore that option but, he has never seen it done before in County Government. Commissioner Oestreicher replied yes, explore that option.

Commissioner Hall questioned if the difference between the USDA loan and the public sale is roughly $75,000.00, we are looking at $19,000.00-$21,000.00 feasibility study what the other $50,000.00 is for. Mr. Miller replied the architectural reviews and environmental assessment; they are requirements for the USDA loan. Commissioner Hall replied we have to pay $50,000.00 to apply. Mr. Ferrell replied you are paying for vendors.

Commissioner S. Carter stated “Mr. Chairman, I’m curious if there is any member of the Board expressing more interest in the USDA, rather than the public sale, can we ask for a census.” Commissioner Oestreicher replied, depends on the rate and he suggested to pursue both options. Chairman McVey agreed.

APPROVAL OF CONTRACT FOR FINANCIAL AUDIT SERVICES

Mr. Miller presented the Board with the contract for Thompson Price Scott and Adams for financial audit services for $46,750.00 with an additional rate of $125.00 an hour over their scope of services. After the Board requested an RFP it was sent to 9 firms, we received 2 proposals, one of those being Thompson Price Scott and Adams.

Commissioner Oestreicher questioned what was the other quote received. Mrs. Vaughn, Finance Director, stated $61,260.00 and gave a discounted rate of $43,000.00. Mr. Miller stated the other quote is cheaper but, after doing some research and reference checks we decided to stay with Thompson Price Scott and Adams.

Commissioner Oestreicher made a motion to continue with Thompson Price Scott and Adams for financial audit services, seconded by Commissioner S. Carter.

Commissioner Hall questioned Mr. Miller why are we not going with the lowest bid. Mr. Miller replied after checking references many audits came back $20,000.00-$30,000.00 over there initial bid price and knowing that we are going to have to use our audit information with the school project we agreed to go with Thompson Price Scott and Adams. Commissioner Hall questioned what types of services does the $125.00 an hour cover. Mrs. Vaughn replied state required single audits. Commissioner Hall questioned how many hours was used last time the County had to complete a single audit. Mrs. Vaughn replied less than $2,000.00, she was not sure of the amount of hours. Commissioner Hall questioned the audit year we are currently in now. Chairman McVey replied yes.

Commissioner Owen made a motion to approve Thompson Price and Adams for financial audit services, seconded by Commissioner S. Carter. The motion carried unanimously.

APPROVAL OF LOW BID CONTRACTOR FOR RENOVATIONS FOR CO-LOCATION ON SQUARE

Mr. Miller stated they received 7 bids and recommends Central Builders Incorporated. They submitted a base bid of $841,000.00. The bids ranged from $841,000.00 to over $1,000,000.00.

Commissioner Owen made a motion to approve the contract with Central Builders Incorporated, seconded by Commissioner Oestreicher. The motion carried unanimously.

APPROVAL OF USDA FINANCIAL FEASIBILTY REPORT CONTRACT

Mr. Miller stated to comply with the USDA regulations he is presenting the Board with a contract to approve Thompson Price Scott and Adams to complete the feasibility study.

Commissioner S. Carter made a motion to approve Thompson Price Scott and Adams to complete the feasibility study, seconded by Commissioner Owen. The motion carried unanimously.

APPROVAL OF AGREEMENT BETWEEN CASWELL COUNTY AND YOUTH FOCUS, INC.

Mr. Miller presented the Board with the contract for Youth Focus, Inc.

After a brief discussion the Board agreed to send the contract back to the attorney to make changes.

APPROVAL OF STATE CONTRACT FOR GENERATOR AT THE PUMP STATION

Mr. Miller stated that there is no contract associated with this and if the state puts in a generator at the pump station at Pelham Industrial Park for the sewer system and the generator gets stolen or damaged the County we be responsible and we will provide regular maintenance needed. Chairman McVey questioned will the County’s insurance policy cover the generator if it gets damaged or stolen. Mr. Miller replied yes. Chairman McVey questioned what the annual maintenance cost is. Mr. Miller replied he was not sure because we do not know what type of generator it is or will be, we have not been provided with those details. Commissioner Hall suggested getting the information from the State on what type of generator it will be and it condition. Chairman McVey agreed and to find out its condition. Mr. Miller replied ok.

LETTER OF SUPPORT FOR WORKED BASED LEARNING LEGISLATIVE FUNDING-ETWDI EXPANSION

Commissioner Hall stated last year Rockingham County and 3 or 4 other Counties received grants for 4 million dollars through PTRC for work force development. The Cobb staff suggested for the County to apply for a grant and at this time they are requesting a letter of support from the Board and the Clerk, Mrs. Seamster has been asked to get a letter of support from the Town of Yanceyville and Milton, and the Chamber of Commerce.

Commissioner Hall made a motion to approve the letter of support for worked based learning legislative funding, seconded by Commissioner Jefferies. The motion carried unanimously.

DISCUSSION ON REQUEST FOR PORTRAIT TO BE DISPLAYED IN MAIN COURTHOUSE

Mr. Ferrell stated that he had received a letter from Mr. Daniels stating that the Local Barr had received a portrait on behalf of a donation to the County and questioned if the County had a policy on receiving portrait’s and placing them in County buildings. If the County did have a policy, they are requesting a copy because this would help them know what to do when they received this type of gift.

Commissioner W. Carter questioned where they were requesting to hang the portrait. Mr. Ferrell replied they did not state a personal preference.

Commissioner W. Carter made a motion that the Board allows the Local Barr Association to hang the portrait of Judge Blackwell at the New Court House in the lobby, seconded by Commissioner S. Carter.

Commissioner Hall stated based on the information from Mr. Ferrell it would be useful if we look at a policy before we move forward.

Commissioner S. Carter stated “I have a suggestion if we could decide on this one now we then could formulate a committee after. I was going to offer a motion to that affect, we could do that then handle future requests, but also put this into rotation and specifics possession. Because it’s County property.” Chairman McVey agreed to have a policy. Commissioner Oestreicher stated we do have a monument committee. Mr. Ferrell replied that is a different type of policy.

Commissioner W. Carter made a motion that the Board allows the Local Barr Association to hang the portrait of Judge Blackwell in the lobby at the New Court House, and to create a committee to create a policy, seconded by Commissioner S. Carter. The motion carried 5 voting yes and Commissioner Hall, Commissioner Owen voting no.

Commissioner S. Carter stated “Mr. Chairman I suggest we make a committee with 1 or 2 commissioners, a representative from the Local Barr Association, the County Manager to develop a policy to accept future portraits, paintings, items of recognition, etc. for county buildings not just the Court House.”

Mr. Ferrell questioned the motion was it to form a committee. Commissioner S. Carter stated “no to create a policy.”

Commissioner S. Carter made a “motion to form a committee consisting of one member of this Board if there is someone else who wants to be on it we can have that. At least one member of this Board, County Manager and representative from the Local Barr Association to determine the placement of future portraits, paintings, or items of recognition pertaining to individuals in County buildings, not just one building.” Seconded by Chairman McVey. The motion carried with 4 voting yes and Commissioner Hall, Commissioner Jefferies, and Commissioner W. Carter voting no.

Commissioner Oestreicher questioned why not have the monument committee write this policy. Commissioner S. Carter stated “because my understanding with the monument committee is that it pertains to County grounds not individual items being donated to the County like this would be.” Commissioner Oestreicher questioned why do we need another committee just give that authority to the committee. Commissioner S. Carter stated “this is a very temporary committee just to write a policy that also includes a representative from the Local Barr Association since they brought that up in the letter, this would dissolve very quickly after one meeting. It forms that policy then you know that committee would have this policy to help them as well, I guess that makes sense.”

COUNTY MANAGER UPDATES

Mr. Miller stated that on May 16, 2019 at 11:00p.m. – May 17, 2019 at 5:00p.m. there was an outage a 911 lines were out due to lines being cut in another County.

ANNOUCEMENTS

Chairman McVey made an announcement that the closed session meeting held for tomorrow May 21, 2019 will be postponed to a later date and reminded the Board of the budget session that is held for May 22, 2019 at 9:00a.m.

ADJOURNMENT

Commissioner W. Carter made a motion to adjourn the May 20, 2019 meeting at 8:12p.m., seconded by Commissioner Owen. The motion carried unanimously.

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Ashley Kirby Powell Rick McVey

Administrative Assistant Chairman

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