

STATE OF NORTH CAROLINA)
)
COUNTY OF STOKES)
)

OFFICE OF THE COMMISSIONERS
STOKES COUNTY GOVERNMENT
DANBURY, NORTH CAROLINA
JANUARY 3, 2008

The Board of Commissioners of the County of Stokes, State of North Carolina, met for a recessed meeting (recessed from December 27, 2007) in the Commissioners' Chambers of the Ronald Wilson Reagan Memorial Building (Administrative Building) located in Danbury, North Carolina on Thursday, January 3, 2008 at 3:00 pm with the following members present:

Chairman J. Leon Inman
Vice-Chairman Jimmy Walker
Commissioner Ron Carroll
Commissioner Ernest Lankford
Commissioner Stanley Smith

County Personnel in Attendance:
County Manager K. Bryan Steen
Clerk to the Board Darlene Bullins
Finance Director Julia Edwards

Others in Attendance:
Mr. Don Ubell – Bond Attorney

Chairman Leon Inman called the recessed meeting to order.

Vice Chairman Walker delivered the invocation.

GENERAL GOVERNMENT-GOVERNING BODY-PLEDGE OF ALLEGIANCE

Chairman Inman opened the meeting by inviting the citizens in attendance to join the Board with the Pledge of Allegiance.

County Financial Information

Chairman Inman expressed his appreciation to the Board for their willingness to meet to discuss the County's financial status prior to the joint meeting with the Board of Education on January 23rd.

Chairman Inman opened discussion regarding the County's current financial status. Finance Director Julia Edwards presented the following financial information to the Board:

Payments by Fiscal Year for Indebtedness

F/Y 2007-08 General Fund Payment of Debt	\$ 3,080,792.66
F/Y 2008-09 General Fund Payment of Debt	\$ 3,024,905.31
F/Y 2009-10 General Fund Payment of Debt	\$ 1,977,889.00
F/Y 2010-11 General Fund Payment of Debt	\$ 1,909,417.43
F/Y 2011-12 General Fund Payment of Debt	\$ 1,638,850.00
F/Y 2012-13 General Fund Payment of Debt	\$ 1,585,100.00
F/Y 2013-14 General Fund Payment of Debt	\$ 1,518,700.00
F/Y 2014-15 General Fund Payment of Debt	\$ 1,460,200.00
F/Y 2015-16 General Fund Payment of Debt	\$ 1,394,200.00
F/Y 2016-17 General Fund Payment of Debt	\$ 1,328,800.00
F/Y 2017-18 General Fund Payment of Debt	\$ 884,000.00

Hold Harmless

- Computation for Hold Harmless that replaced the inventory tax reimbursement will not change due to the Medicaid Relief Plan
- Hold Harmless will conclude fiscal year 2011-12 estimated at \$1,558,158

Medicaid Relief

- NCACC projects that Stokes County will receive \$500,000 per year in Medicaid Relief
- Article 44 sales tax will be eliminated fiscal year 2009-10
- Fiscal year 2009-10, the County’s Article 42 sales tax will change from per capita to point of sale/deliver, which will result in an estimated reduction of \$908,325 – 60% of this sales tax is used for School Capital Outlay or Debt Service, which will result in a reduction in the Schools’ Capital Outlay Fund
- The loss of Article 44 sales tax and changes with Article 42 will influence the Fire Funds along with General Fund Revenues

ADM and Lottery Funding

- Stokes County has received an average of \$302,490 from ADM Public School Building Capital Fund
- As of 11-29-07, the balance in the account was \$331,384.71 with the approved projects already deducted for fiscal year 2007-08
- Stokes County received \$675,547 from the Lottery in fiscal year 2006-07 and is estimated to receive \$858,810 for fiscal year 2007-08
- The Board approved \$450,000 of Lottery funds to be used in fiscal year 2007-08.
- As of 11-29-07, the balance in the account was \$684,810.33 with the approved projects already deducted for fiscal year 2007-08

Tax Value

- Fiscal year 2007-08 Budget – tax value is \$3,222,452,573
- One (1) cent based on the current tax value of \$3,222,452,573 = \$322,245 in revenue, only 96.49% can be budgeted = \$310,934
- Next revaluation will be effective 01-01-09, which will be available for the budget with fiscal year 2009-10.

Funding Source Scenarios (prepared by BB&T Capital Markets)

	Principal	Interest	Debt Service
General Obligation Bond Scenario	\$1,000,000	\$460,973.00	\$1,460,973.00
Certificates of Participation Scenario	\$1,000,000	\$471,748.00	\$1,471,748.00
Bank Loan Scenario	\$1,000,000	\$465,480.00	\$1,465,480.00

Estimated Debt Service Payment

Debt Amount	Estimated Yearly Payment	Estimate Tax Increase
\$15,000,000.00	\$ 1,500,000.00	0.05
\$20,000,000.00	\$ 2,000,000.00	0.06
\$25,000,000.00	\$ 2,500,000.00	0.08
\$30,000,000.00	\$ 3,000,000.00	0.10
\$35,000,000.00	\$ 3,500,000.00	0.11
\$40,000,000.00	\$ 4,000,000.00	0.13
\$45,000,000.00	\$ 4,500,000.00	0.14
\$50,000,000.00	\$ 5,000,000.00	0.16

The Board discussed the information presented by Finance Director Edwards, Stokes County Bond History, and information received from the Local Government Commission.

Commissioner Lankford noted that the Board must be sure that citizens are well informed regarding a bond referendum: 1)they must understand the need, 2)what is going to be built, and 3)how much it will cost.

Board members expressed thoughts concerning the immediate needs even though the final decision is made by the Board of Education: (Phase I)

Commissioner Smith

- Elementary School in Yadkin Township
- Addition at Lawsonville Elementary
- Purchase enough land in Yadkin Township for the elementary school and a future middle school

Commissioner Lankford

- Elementary School in Yadkin Township
- Addition at Lawsonville Elementary
- Addition at Sandy Ridge Elementary
- Renovations at Nancy Reynolds Elementary
- Need for revised numbers from Board of Education

Commissioner Carroll

- Elementary School in Yadkin Township
- Addition at Lawsonville Elementary
- Addition at Pinnacle Elementary
- Renovations at Nancy Reynolds Elementary
- Hold off at Sandy Ridge until revised numbers are provided by Board of Education
- Hold off on Middle School in Yadkin Township until revised numbers are provided by Board of Education

Vice Chairman Walker

- Elementary School in Yadkin Township
- Addition at Lawsonville Elementary
- Need additional information before including any other projects
- FTCC – Stand alone campus

Chairman Inman

- Elementary School in Yadkin Township
- Addition at Lawsonville Elementary
- Addition at Pinnacle Elementary
- FTCC – Stand alone campus

The Board also discussed the following:

- PODS/modular units versus brick and mortar (ADM funds cannot be used for PODS)
- The State dictates exact square footage per student
- Other funding sources besides General Fund – ADM, Lottery, etc.
- Current bond ratings – Moody Rating – “A1” and Standard & Poor’s Rating “A”
- Financial Advisors – RFPs were mailed last week by Finance Director Edwards
- Estimated School Construction Cost

Chairman Inman noted that there were several capital projects that have been put on hold that will have to eventually be dealt with – courtroom “C” renovations, roof repairs, vehicles, paving of parking lots, increased cost of operating expenses, inflation, etc.

Mr. Don Ubell, Bond Attorney discussed the following to the Board:

- General Obligations Bonds – must have public hearings
- Certificates of Participation (COPS) – currently insurance ratings extremely costly due to limited competition in the market – COPS hard to get LGC approval if a Bond Referendum has failed
- All financing must be approved by LGC
- Bank Loan – much faster, at current time very competitive
- The County will have to be rated again by Moodys and Standard/Poor if financing is done by General Obligations Bonds or Certificates of Participation
- Lease/purchase option – doesn’t offer a lot of options
- Master Financing – allows funding to be borrowed at one time, but distributed in different phases
- Energy credits- schools with solar energy – location difficulties on property
- Board of Education decides on what it needs and Board of Commissioners decides on the amount and type of funding available
- Financing for schools and a community college can be combined, but financial records for each capital project must be kept separate
- Possible tax increase
- Place Deeds of Trust on as little as possible
- Need for a financial advisor to offer guidance and expertise on deciding what is the best financing option and most efficient for the County
- Hold off on deciding what the County can afford until a financial advisor has had time to analyze the County’s financial status
- Most important - consider all financial options

Chairman Inman expressed the Board’s appreciation to Mr. Ubell for attending today’s meeting.

Chairman Inman noted the upcoming meeting with the Board of Education on Wednesday, January 23rd at 12 noon at Germanton Elementary School.

Adjournment

There being no further business to come before the Board, Chairman Inman entertained a motion to adjourn the recessed meeting. Vice Chairman Walker moved to adjourn the recessed meeting. Commissioner Smith seconded and the motion carried unanimously.

Darlene M. Bullins
Clerk to the Board

J. Leon Inman
Chairman