

## MINUTES

### Scotland County Board of Commissioners 2008 Budget Work Session, May 24, 2007

#### Scotland County Administration, 507 West Covington Street, Laurinburg NC

At 4 p.m. Chairman J. D. Willis reconvened the meeting for a budget work session. Commissioners in attendance: Chairman Willis and Commissioners John Alford, Leon Butler, Guy McCook, Joyce McDow and Clarence McPhatter. Vice Chair Betty Gholston was absent. Staff in attendance: County Manager John A. Crumpton, Finance Officer/Assistant County Manager Kevin Patterson, County Attorney Edward Johnston. Clerk to the Board Ann W. Kurtzman was absent. Chairman Willis delivered the opening invocation.

#### **Item 1. Interlocal Agreement to secure LRCOG financing**

Chairman Willis recognized Jim Perry, LRCOG Executive Director. Mr. Perry stated that this agreement between the Lumber River Development Corporation (LRDC) and the counties of Bladen, Hoke, Richmond, Robeson and Scotland guarantees any loan made to the LRDC for the purpose of building an office complex that LRCOG will rent. The maximum amount for the Counties involved is \$1,200,000 with each County's dollar amount based on the current "percent of population" formula. Scotland County's total would be 13.24% or \$158,880. This agreement will be in effect for no more than twenty-five (25) years unless amended per agreement.

Chairman Willis asked County Attorney Johnston if he was satisfied that the Agreement was in order. Johnston replied that he had examined the Corporation's documents and found everything in order.

**Motion was made by Commissioner Alford and duly seconded by Commissioner McPhatter to approve the Interlocal Agreement with the Lumber River Development Corporation. Vote: Motion unanimously approved.**

#### **Item 2. Resolution Authorizing Financing of Lights at Recreation Complex**

Finance Officer/Assistant County Manager Kevin Patterson presented a resolution approving financing terms for the installation of lights at the Parks and Recreation Complex. The Commissioners had previously agreed to finance the lights which the Tourist Development Authority would repay using TDA funds received from the extra penny approved for occupancy tax. Patterson stated that the terms are at 3.89% interest over seven (7) years.

Commissioner Butler asked what the exact cost of lighting would be and County Manager Crumpton indicated somewhere in the \$300,000-\$350,000 range.

#### **Resolution Approving Financing Terms**

**WHEREAS**, Scotland County, North Carolina (the "County") has previously determined to undertake a project for the installation of lighting at an athletic complex (the "Project"), and the Finance Officer has now presented a proposal for the financing of such Project.

**BE IT THEREFORE RESOLVED, as follows:**

1. The County hereby determines to finance the Project through Branch Banking and Trust Company (“BB&T”), in accordance with the proposal dated May 4, 2007. The amount financed shall not exceed \$350,000, the annual interest rate (in the absence of default or change in tax status) shall not exceed 3.89%, and the financing term shall not exceed seven (7) years from closing.
2. All financing contracts and all related documents for the closing of the financing (the “Financing Documents”) shall be consistent with the foregoing terms. All officers and employees of the County are hereby authorized and directed to execute and deliver any Financing Documents, and to take all such further action as they may consider necessary or desirable, to carry out the financing of the Project as contemplated by the proposal and this resolution. The Financing Documents shall include and Financing Agreement and a Project Fund Agreement as BB&T may request.
3. The Finance Officer is hereby authorized and directed to hold executed copies of the Financing Documents until the conditions for the delivery of the Financing Documents have been completed to such officer’s satisfaction. The Finance Officer is authorized to approve changes to any Financing Documents previously signed by County officers or employees, provided that such changes shall not substantially alter the intent of such documents or certificates from the intent expressed in the forms executed by such officers. The Financing Documents shall be in such final forms as the Finance Officer shall approve, with the Finance Officer’s release of any Financing documents for delivery constituting conclusive evidence of such officer’s final approval of the Document’s final form.
4. The County shall not take or omit to take any action the taking or omission of which shall cause its interest payments on the financing to be includable in the gross income for the federal income tax purposes of the registered owners of the interest payment obligations. The County hereby designates its obligations to make principal and interest payments under the Financing Documents as “qualified tax exempt obligations” for the purpose of Internal Revenue Code Section 265(b)(3).
5. All prior actions of County officers in furtherance of the purposes of this resolution are hereby ratified, approved and confirmed. All other resolutions (or parts thereof) in conflict with this resolution are hereby repealed, to the extent of the conflict. This resolution shall take effect immediately.

Approved this 24<sup>th</sup> day of May, 2007

**Motion was made by Commissioner Alford and duly seconded by Commissioner Butler to approve the Resolution Approving Financing Terms. Vote: Motion unanimously approved.**

### **Item 3. FY 2007-2008 Funding Requests from Outside Agencies**

The following representatives from outside agencies presented histories of their organizations and requests for funding in the County's FY 2007-2008 Budget:

- ▶ Ms. Bettie P. McNair, President of the African American Heritage Committee - \$5,500
- ▶ Mr. Gerry Johnson, Exec. Director, Domestic Violence & Rape Crisis Ctr. – Any amount toward their new facility

**At this point Commissioner McCook indicated for point of clarification that he has done some counseling with the DVRC Center and sold them the property to be used for their new facility. He stated that he donated his commission of this sale back to the Center.**

- ▶ Ms. Shelly Stony, Hospice Representative - \$16,317 as a match for COG grant of \$160,000
- ▶ Mr. Mark Gretch, Executive Director of Literacy Council - \$10,000
- ▶ Mr. Chip Shytle, President of Laurinburg Optimist – one time amount of \$20,000
- ▶ Mr. Roger Brooks, President of Pemo Stewart Baseball League - \$10,000
- ▶ Mr. Richard Brett, Station Mgr. CAC-2 & Chair Dept. of Communication and Theatre Arts at St. Andrews Presbyterian College - \$7,000
- ▶ No one appeared on behalf of the Rescue Squad.
- ▶ Mr. Gilbert Abraham, Founder & Head Coach of S.W.A.T. requested a waiver or reduction in the fee of \$30 per hour charged for facility use. Gym at Laurel Hill used about 2 or 3 times per month but increased usage possible.

Commissioner Alford stated that the Board should look at lowering the fee. Commissioner McCook indicated he would prefer that the Board look at the policy as a whole rather than make exceptions as they were requested.

- ▶ Ms. Heidi Pogue, President of the Scotland County Soccer Association - \$10,000 to be allocated in the Parks & Recreation Budget.

All agencies were informed that their requests would be taken under consideration by the Board.

County Manager Crumpton explained that he and Finance Officer Patterson had allocated public agencies who received funding in FY 2006-2007 the same amount in the FY 2007-2008 budget. New requests were not allocated funding. Other quasi-governmental agencies such as LRCOG, Richmond Community College, SEDC, etc. requested increases and were allocated at approximately 3% above this year.

Crumpton advised the Board that, per their direction, he had been in contact with several counties regarding their policies on funding public agencies. He stated that he believed the Guilford County policy was the best and could be easily adapted for the Board's use. He said Guilford County's policy is simple and basic. The key components are the statements that all funds must be used for a "public purpose", all groups receiving funds must be IRS recognized and each group receiving funds will not discriminate in providing their services. He also mentioned that one group only received requests from public agencies during the budget process.

He noted that Robeson County allocates a certain amount for each Commissioner to award to public agencies of their choice.

He suggested that the Board consider development of a policy for funding public agencies especially considering the decreases in giving by business, industry and United Way.

Commissioner McCook asked for the amount given this year to public agencies, excluding the quasi-governmental groups. He stated that a decision on funding these agencies could be made using that total amount as the amount that would be allocated in FY 2007-08.

County Manager Crumpton estimated that the allocations in the FY 2006-2007 were approximately \$75,000.

Commissioner Alford suggested that the Board look favorably at agencies that provide services not provided by the County.

Chairman Willis noted that the policy of the Robeson County Board of Commissioners might be workable. He explained their policy as follows: their Board votes for each Commissioner to have a certain amount of funding allocated for non-profit agencies, such as \$10,000, with the Chairman having an additional amount such as \$15,000. Each Commissioner is then free to choose which non-profit(s) his/her allocation will fund, reporting to the Board their allocation and group.

Commissioner McCook stated that he doesn't want to be in the non-profit funding business by himself as he thinks that should be a decision by the full Board of Commissioners.

Commissioner Alford stated that the full Board deciding could eliminate from funding an agency that individual Commissioners feel strongly should be funded. He noted that with each Commissioner in charge of allocating funds they would be sure those funds went to agencies they support.

Commissioner Butler stated that the Board allocates citizens' dollars and decisions on the use of those dollars should be made before everyone, not just receiving a report after the decision is made.

Commissioner Alford stated he would support the idea of each Commissioner receiving allocated funds for use at their discretion. He noted he would not want to have requests coming in throughout the year but would suggest certain times for receiving requests.

Commissioner McPhatter stated he believed the idea was a good one as it gives each Commissioner a choice in which non-profit is funded.

Commissioner McCook stated he thinks this idea creates a lack of debate and would politicize the process.

Commissioner Alford noted that funds for agencies he supports were not increased three years by the Board. He stated that if he had control over who is funded it could be quite different than the entire Board deciding.

Commissioner McDow suggested that perhaps a middle ground could be found.

Chairman Willis stated that another budget meeting would be necessary.

County Manager Crumpton noted that the Public Hearing on the budget was scheduled for June 4 and final Budget figures have to be settled by then. However the Board is not mandated to approve the Budget at the Public Hearing and could wait until near the end of June to determine whether there would be Medicaid relief from the State.

Chairman Willis asked if the Budget to be presented at the Public Hearing could include the allocations for public agencies at the same level as FY 2006-07 and place \$75,000 additionally in the Budget for special needs.

County Manager Crumpton stated that an additional \$75,000 in the budget would affect the tax rate. The budget presented to the Board earlier is based on a tax rate of \$1.08 as directed by the Board.

Chairman Willis suggested that the budget be presented at the Public Hearing with a \$1.08 tax rate. Then if Medicaid bill is passed by the Legislature we can go back and drop the budget and tax rate another 9 or 10 cents. The Board can meet around June 24 or 26 leaving time to have another Public Hearing if the legislative change is significant.

#### **Item 4. Other Budget Discussions**

County Manager Crumpton presented budgets for Other Funds. He noted that most of the Other Fund budgets were revenue driven where the revenues received balanced out the expenditures. He pointed out that the Water District expenditures included the 10% increase in the City's rates which is being absorbed at this time and not passed on to the customers. However, the City is expected to have another increase next year and a decision will have to be made as to the increase in customer rates.

County Manager Crumpton reviewed the Public Works (Landfill) budget. He noted that the budget included revenues for C&D at about 18,000 tons, however he stated this may be short considering that the amount through April was 11,900 tons. This reduction is due mainly to the decrease at Crestline.

He stated that rates would have to be increased 21% across the board in order to put funds in the landfill closure fund. Crumpton recommended an increase from \$18 per ton to \$25 per ton for leaf and limbs; from \$33 per ton to \$38 per ton for in county C&D with the out of county increased to \$42 per ton; and from \$37 per ton to \$42 per ton for in county MSW with the out of county increased to \$46 per ton.

**Item 5. Capital Projects Summary** – The Board moved this item to later in the meeting.

**Item 6. Workers Compensation Proposals**

County Manager Crumpton reported that two quotes had been received for Workers' Compensation Coverage for FY 2007-2008. NCACC Workers Compensation Pool quote came in at \$508,079; and KeyRisk through Dunbar Insurance was \$341,376. He recommended that the County's Workers' Compensation Coverage for FY 2007-08 be awarded to KeyRisk.

County Manager Crumpton requested that the savings of \$63,284 from the budgeted amount for Workers' Compensation Coverage of over \$400,000 be used to hire someone in the \$40,000 to \$45,000 range to oversee the County's insurance programs, safety programs and OSHA compliance.

**Motion was made by Commissioner McCook and duly seconded by Commissioner Butler to award the county's Workers Compensation Coverage for FY 2007-08 to KeyRisk through Dunbar Insurance Agency and use savings from budgeted funds to hire a Risk Manager. Vote: Motion unanimously approved.**

Chairman Willis reminded the Board to be prepared at the next meeting to make decisions on the (1) non-profit policy; (2) Chamber of Commerce request for funding a new position for Economic Development; and (3) the tax rate.

County Manager Crumpton reminded the Board that the tax rate must be set prior to the Public Hearing on June 4 which is the Board's next meeting.

Commissioner Alford suggested that the tax rate be reduced from \$1.10 to \$1.06.

Commissioner McDow asked what would that mean in the future if the Medicaid relief does not pass in the Legislature.

Chairman Willis stated that a \$1.08 tax could sustain for about four (4) years. If Medicaid relief does not pass the tax would have to be increased next year.

County Manager Crumpton reminded the Board that about \$380,000 of FB would be required to get the budget to the rate of \$1.06.

Commissioner Butler noted that there is approximately \$1.3 million surplus in the Fund Balance which should be used to pass on to the citizens of the County.

Chairman Willis reminded the Board that funds will be needed for the Landfill.

County Manager Crumpton noted that the County's Bond Market interest rate could be affected.

Chairman Willis suggested the Board adopt the tax rate of \$1.06 and if Medicaid relief is passed next year the Board can drop the tax rate in FY 2008-2009 by about seven (7) cents and replace the Fund Balance used for FY 2007-2008 two (2) cent reduction.

**Motion was made by Commissioner Alford and duly seconded by Commissioner McPhatter to use Fund Balance to reduce the County tax rate for FY 2007-2008 from \$1.10 to \$1.06 and replace these funds in Fund Balance in FY 2008-2009 if Medicaid Relief passes in the State Legislature. Vote: Motion unanimously approved.**

#### **Item 5. Capital Projects Summary**

Consensus of the Board was to place the Capital Projects item on the agenda for their next meeting.

#### **Item 7. Closed Session**

**Motion was made by Commissioner Butler and duly seconded by Commissioner Alford to go into Closed Session held in accordance with N. C. General Statute §143-318.11(a)(6) to consider qualifications, competence, performance, character, fitness, conditions of appointments, or conditions of initial employment of a present or prospective public officer or employee. Vote: Motion unanimously approved.**

#### **OPEN SESSION RESUMED**

Chairman Willis asked if there was any more business to come before the Board. There was none.

**Motion was made by Commissioner Alford and duly seconded by Commissioner McPhatter to adjourn. Vote: Motion unanimously approved.**

Respectfully submitted,

Anne G. Tindall  
Substituting for Clerk to the Board Ann Kurtzman

J. D. Willis  
Chairman