

Regular Meeting
May 1, 2006

The Chowan County Board of Commissioners met in regular session on Monday, May 1, 2006 at 9:00 a.m. in the Panel Room of the 1767 Courthouse.

Present: Jimmy Alligood, Louis Belfield, Ralph Cole, Jerry Downum, Bill Gardner, Wayne Goodwin, Harry Lee Winslow.

Chairman Wayne Goodwin called the meeting to order and Commissioner Cole presented the invocation.

Consent Agenda

By motion of Commissioner Alligood, the Consent Agenda, including the minutes and the following budget amendments, tax releases and the Capital Project Ordinance, was approved.

Ayes 7

No 0

Budget Amendments

5333 DSS	increase \$3492	Smart Start Day Care funding
5372 DSS	increase \$1000	Share the Warmth funding

Capital Project Ordinance

Walker Gym Renovation Phase II	\$119,600
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Tax Releases

D Adachi	\$310.77	vehicle sold
K Cathcart	\$254.06	vehicle sold
JC Davenport	\$146.50	listed in Washington Co
C Herman	\$163.60	military, listed in Florida
RC Levy	\$132.80	listed in Florida
CS Phelps	\$183.78	vehicle traded
PJ Wemple	\$434.18	price corrected
MS Watson	\$121.78	vehicle sold

Public Hearing – Financing for Renovation and Expansion of Shepard Pruden Library and for the Construction of the Law Enforcement Center/Emergency Operations Center

Chairman Goodwin recessed the regular meeting and declared a public hearing open to receive comment on the proposed interim financing for the construction of the Law Enforcement Center/Emergency Operations Center and the expansion and renovation of Shepard Pruden Library. Bids are for a 24-month loan as permanent financing will be provided by the USDA.

Finance Officer Lisa Jones presented the bids as follows:

RBC Centura	3.549%
Wachovia Bank	3.60%

BB&T 4.02%

No comment was offered by the public.

Chairman Goodwin closed the public hearing and reconvened the regular meeting.

Mrs. Jones presented the following resolutions for the Board's consideration, as required by RBC Centura, the USDA, and the Local Government Commission.

Commissioner Gardner moved that the County authorize the loan agreement with RBC Centura at 3.549%, and also that the County approve the following resolution.

Ayes 7

No 0

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN INSTALLMENT PURCHASE CONTRACT WITH RBC CENTURA BANK TO FINANCE THE CONSTRUCTION OF AN ADDITION/RENOVATION TO THE EXISTING SHEPARD-PRUDEN MEMORIAL LIBRARY, AUTHORIZING THE EXECUTION AND DELIVERY OF RELATED INSTRUMENTS, AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH

BE IT RESOLVED by the governing body for the County of Chowan, North Carolina (the "Purchaser"):

Section 1. The governing body does hereby find and determine:

- a) The County of Chowan proposes the construction of an addition/renovation to the existing Shepard-Pruden Memorial Library, which may include fixtures as more fully described in the hereinafter mentioned Contract (collectively, the "Equipment");
- b) After consideration, the governing body has determined that the most advantageous manner of financing thereof is by an installment contract pursuant to Section 160A-20 of the General Statutes of North Carolina, as amended;
- c) Pursuant to said Section 160A-20, the County of Chowan is authorized to construction of real property, including fixtures, by installment contracts that create a security interest in the property financed to secure repayment of the financing; and
- d) RBC Centura Bank ("RBC Centura") has proposed that RBC Centura finance the Construction pursuant to an Installment Purchase Contract between the Purchaser and RBC Centura (the "Contract") and a related Escrow Agreement between the Purchaser and RBC Centura (the "Escrow Agreement").

Section 2. The governing body hereby authorizes and directs the Authorized Officer to execute, acknowledge and deliver the Contract and Escrow Agreement on behalf of the Purchaser in such form and substance as the person executing and delivering such instruments on behalf of the Purchaser shall find acceptable. The Clerk is hereby authorized to affix the official seal of the County of Chowan to the Contract and the Escrow Agreement and attest the same.

Section 3. The proper officers of the Purchaser are authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do or cause to be done any and all other acts and things necessary or proper for carrying out this Resolution and the Contract and the Escrow Agreement.

Section 4. Notwithstanding any provision of the Contract or the Escrow Agreement, no deficiency judgment may be rendered against the Purchaser in any action for breach of a

contractual obligation under the Contract or the Escrow Agreement and the taxing power of the Purchaser is not and may not be pledged directly or indirectly to secure any moneys due under the Contract, the security provided under the Contract being the sole security for RBC Centura in such instance.

Section 5. The Purchaser covenants that, to the extent permitted by the Constitution and laws of the State of North Carolina, it will comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code") as required so that interest on the Purchaser's obligations under the Contract will not be included in the gross income of RBC Centura.

Section 6. The Purchaser hereby represents that it reasonably expects that it, all subordinate entities thereof and all entities issuing obligations on behalf of the Purchaser will issue in the aggregate less than \$10,000,000 of tax-exempt obligations (not counting private-activity bonds except for qualified 501(c)(3) bonds as defined in the Code) during calendar year 2004. In addition, the Purchaser hereby designates the Contract and its obligations under the Contract as a "qualified tax-exempt obligation" for the purposes of the Code.

Section 7. This Resolution shall take effect immediately upon its passage.

Upon motion of Commissioner Gardner, the foregoing resolution entitled **"RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN INSTALLMENT PURCHASE CONTRACT WITH RBC CENTURA BANK TO FINANCE THE CONSTRUCTION OF REAL PROPERTY, AUTHORIZING THE EXECUTION AND DELIVERY OF RELATED INSTRUMENTS, AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH"** was passed by the following vote:

Ayes: 7
Noes: 0

PASSED AND ADOPTED this 1st day of May, 2006.
Nancy B. Morgan, County Clerk

Commissioner Cole moved that the following resolution be approved.

Ayes 7
No 0

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN INSTALLMENT PURCHASE CONTRACT WITH RBC CENTURA BANK TO FINANCE THE CONSTRUCTION OF A PUBLIC SAFETY CENTER, AUTHORIZING THE EXECUTION AND DELIVERY OF RELATED INSTRUMENTS, AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH

BE IT RESOLVED by the governing body for the County of Chowan, North Carolina (the "Purchaser"):

Section 1. The governing body does hereby find and determine:

- a) The County of Chowan proposes the construction of a Public Safety Center, which may include fixtures as more fully described in the hereinafter mentioned Contract (collectively, the "Equipment");
- b) After consideration, the governing body has determined that the most advantageous manner of financing thereof is by an installment contract pursuant to Section 160A-20 of the General Statutes of North Carolina, as amended;
- c) Pursuant to said Section 160A-20, the County of Chowan is authorized to finance the construction of real property, including fixtures, by installment contracts that create a security interest in the property financed to secure repayment of the financing; and
- d) RBC Centura Bank ("RBC Centura") has proposed that RBC Centura finance the Construction pursuant to an Installment Purchase Contract between the Purchaser and RBC Centura (the "Contract") and a related Escrow Agreement between the Purchaser and RBC Centura (the "Escrow Agreement").

Section 2. The governing body hereby authorizes and directs the Authorized Officer to execute, acknowledge and deliver the Contract and Escrow Agreement on behalf of the Purchaser in such form and substance as the person executing and delivering such instruments on behalf of the Purchaser shall find acceptable. The Clerk is hereby authorized to affix the official seal of the County of Chowan to the Contract and the Escrow Agreement and attest the same.

Section 3. The proper officers of the Purchaser are authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do or cause to be done any and all other acts and things necessary or proper for carrying out this Resolution and the Contract and the Escrow Agreement.

Section 4. Notwithstanding any provision of the Contract or the Escrow Agreement, no deficiency judgment may be rendered against the Purchaser in any action for breach of a contractual obligation under the Contract or the Escrow Agreement and the taxing power of the Purchaser is not and may not be pledged directly or indirectly to secure any moneys due under the Contract, the security provided under the Contract being the sole security for RBC Centura in such instance.

Section 5. The Purchaser covenants that, to the extent permitted by the Constitution and laws of the State of North Carolina, it will comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code") as required so that interest on the Purchaser's obligations under the Contract will not be included in the gross income of RBC Centura.

Section 6. The Purchaser hereby represents that it reasonably expects that it, all subordinate entities thereof and all entities issuing obligations on behalf of the Purchaser will issue in the aggregate less than \$10,000,000 of tax-exempt obligations (not counting private-activity bonds except for qualified 501(c)(3) bonds as defined in the Code) during calendar year 2004. In addition, the Purchaser hereby designates the Contract and its obligations under the Contract as a "qualified tax-exempt obligation" for the purposes of the Code.

Section 7. This Resolution shall take effect immediately upon its passage.

Upon motion of Commissioner Cole, the foregoing resolution entitled **"RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN INSTALLMENT PURCHASE CONTRACT WITH RBC CENTURA BANK TO FINANCE THE CONSTRUCTION OF REAL PROPERTY, AUTHORIZING THE EXECUTION AND DELIVERY OF RELATED INSTRUMENTS, AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH"** was passed by the following vote:

Ayes: 7
Noes: 0

PASSED AND ADOPTED this 1ST day of May, 2006.

Nancy B. Morgan, County Clerk

Commissioner Belfield moved that the following resolution be approved.

Ayes 7
No 0

Resolution

WHEREAS, Chowan County contracted with BJAC Architects to develop plans and specifications for the proposed Chowan County Law Enforcement Center/Emergency Operations Center; and,

WHEREAS, BJAC Architects, in fact, developed plans and specifications, which have been reviewed and approved by the North Carolina Department of Insurance, Facility Services Division, by the appropriate County staff, and the Chowan County Board of Commissioners; and,

WHEREAS, the USDA is in the process of its review of these plans and specifications, with recommendations to be incorporated into the plans and specifications; and,

WHEREAS, the USDA is providing permanent financing for the project.

NOW, THEREFORE, the Chowan County Board of Commissioners does hereby approve the plans and specifications for the Law Enforcement Center/Emergency Operations Center as presented.

Adopted today, May 1, 2006.

Nancy B. Morgan, County Clerk

Commissioner Alligood made a motion that the following resolution be approved.

Ayes 7
No 0

RESOLUTION

WHEREAS, the County of Chowan, North Carolina desires to construct a Law Enforcement Center/Emergency Operations Center and to renovate and expand the Shepard Pruden Library, to better serve the citizens of Chowan County; and,

WHEREAS, the County of Chowan desires to finance the Project by the use of an installment contract authorized under North Carolina General Statute 160A, Article 3, Section 20; and,

WHEREAS, findings of fact by this governing body must be presented to enable the North Carolina Local Government Commission to make its findings of fact set forth in North Carolina General Statute 159, Article 8, Section 151 prior to approval of the proposed contract.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of Chowan County, North Carolina, meeting in regular session on the first day of May, 2006, make the following findings of fact:

1. The proposed contract is necessary or expedient because an installment purchase agreement is the preferred method of financing given the amount of financing required to construct the new Law Enforcement Center and to expand the Shepard Pruden Library. The estimated cost of both constructions is placed at \$13,554,500.
2. The proposed contract is preferable to a bond issue for the same purpose because the installment purchase contract is providing only interim financing, with the USDA providing permanent financing.
3. n/a
4. The sums to fall due under the contract are adequate and not excessive for the proposed purpose because the interim financing rates proposed in the contract are comparable to other lease/purchase rates for financing of similar size.
5. Chowan County's debt management procedures and policies are good because they are conducted in strict compliance with the law and subsequent debt management policies will be conducted within the policies of the State and generally accepted accounting procedures.
6. Financing for the project is included in the County's capital outlay plan and the County anticipates no increase in taxes due to the debt service requirements for this project.
7. Chowan County is not in default in any of its debt service obligations.
8. The Attorney for Chowan County has rendered an opinion that the proposed project is authorized by law and is a purpose for which public funds may be expended pursuant to the Constitution and laws of North Carolina.
9. n/a

NOW, THEREFORE, BE IT FURTHER RESOLVED that the Manager of Chowan County is hereby authorized to act on behalf of Chowan County in filing an application

with the North Carolina Local Government Commission for approval of the Project and the proposed financing contract and other actions not inconsistent with this resolution.

This resolution is effective upon its adoption this first day of May, 2006.
Nancy B. Morgan, County Clerk

Request for Extension of Preliminary Plat Approval for Sandy Point Subdivision
Planner Elizabeth Bryant introduced Sam Young, representing the Sandy Point Subdivision developers. Mr. Young reported that since the Commissioners approved the Sandy Point Subdivision, permits for wastewater and stormwater have been received. The decision for the National Pollutant Discharge Elimination System (NPDES) permit is expected in June and the major CAMA permit report is expected possibly this week and the decision expected in about 90 days. The Corps of Engineers permit is in process and expected in 90-120 days. Work on the establishment of a Homeowner's Association is in progress. Mr. Young stated that he hopes to launch the project by late fall of this year. Mrs. Bryant stated that the developer will appear again before the Planning Board and the Commissioners to seek Final Plat approval prior to recording and selling lots. Commissioner Winslow made a motion that the County extend the Preliminary Plat Approval for twelve additional months.

Ayes 7
No 0

Mrs. Bryant announced that the final draft of the zoning ordinance will be presented at the May Planning Board meeting. She also reported that code enforcement work continues with success at several locations in Cape Colony.

Resolution - Medicaid Costs

Commissioner Allgood made a motion that the County support the following resolution requesting relief from the increasing costs of Medicaid to the County. County Manager Cliff Copeland said that the General Assembly is expected to consider a cap to County expenses based on last year's local expenses.

Ayes 7
No 0

Resolution

WHEREAS, the Federal Medicaid program involves a huge cost over which counties have very little if any effective control; and,

WHEREAS, North Carolina is now the only State in the nation that forces its counties to pay a portion of the Medicaid bill; and,

WHEREAS, this cost has become a great burden on North Carolina's counties, weakening the ability of counties to respond to and meet local needs; and,

WHEREAS, the Medicaid burden in Chowan County is estimated in fiscal year 2006-2007 at \$1,387,425, or about 22 % of all real property tax revenues.

NOW, THEREFORE, BE IT RESOLVED that the Chowan County Board of Commissioners does ask the members of the General Assembly to find a way to relieve all counties of the Medicaid burden.

Adopted today, May 1, 2006.

Nancy B. Morgan, County Clerk

Juvenile Crime Prevention Council Recommendations

Sheriff Fred Spruill presented recommendations from the County's Juvenile Crime Prevention Council for the use of the \$78,825 State grant, as follows:

Intensive Supervision of Juvenile Justice and At-Risk Students	\$53,450
After School program/Victims Restitution Program	21,435
Psychological Services	2,995
Strengthen Families	1,945

By motion of Commissioner Cole, the recommendations as presented were approved.

Ayes 7

No 0

Board Appointments–Community Advisory Committee

By motion of Commissioner Downum, Lloyd Wayne Evans and Wayland Byrum were reappointed to the Community Advisory Committee (formerly the Nursing Home Advisory Committee).

Ayes 7

No 0

Child Welfare/Child Protective Services Biannual Review

DSS Director Ben Rose reported that the Child Protective Services division of the County's DSS received the highest rating of "substantially achieved" in all categories for all the cases reviewed in the recent biannual review. He said that child protective services is the most difficult service the DSS provides where reports of abuse and neglect are received, investigations conducted and decisions have to be made to determine an appropriate means to protect children, that affect families forever.

Questions in the review include: are provisions made for a safe environment for the child, stability for the child, and the physical and mental health of the child.

He also announced that the Chowan Work First unit had the second highest participation rate in the State for March. The unit has met its participation rate for the last seven consecutive months.

National Day of Prayer

Commissioner Belfield moved that the County approve the following motion supporting the National Day of Prayer in Chowan County.

Ayes 7

No 0

Resolution

WHEREAS, national days of prayer have a long and venerable history in our constitutional republic, dating back to the First Continental Congress in 1775; and,

WHEREAS, National Day of Prayer is an opportunity for Americans of all faiths to join in united prayer to acknowledge our dependence on God, to give thanks for blessings received, to request healing for wounds endured, and to ask God to guide our leaders and bring wholeness to the United States and her citizens; and,

WHEREAS, May 4, 2006 has been officially designated as National Day of Prayer to pray for the achievement of American's goal of peace with justice for all peoples of the world; and,

WHEREAS, an official observance of National Day of Prayer is scheduled for May 4, 2006 in the 1767 Chowan County Courthouse.

NOW, THEREFORE, BE IT RESOLVED that the Chowan County Board of Commissioners does hereby designated Thursday, May 4, 2006 as National Day of Prayer in Chowan County and urges citizens to join members of all faiths and creeds to reaffirm the fact that we are truly one nation, indivisible, under God.

Adopted today, May 1, 2006.

Nancy B. Morgan, County Clerk

NC Rural Center Water/Sewer Grants

Commissioner Cole and County Attorney Peter Rascoe attended a workshop led by the NC Rural Center, to announce the 2006 Water Bonds which would make grant money available for water and sewer projects across the State. This money would be available for such projects as the sewer project in southern Chowan County and for such projects as expansion of the County water system.

Commissioner Belfield made a motion that the County approve the following resolution supporting the request for funds be submitted to the General Assembly.

Ayes 7

No 0

Mr. Copeland stated that impact fees collected have generated \$40,000 to the water system expansion reserve fund.

2006 Clean Water Bond Resolution

WHEREAS, North Carolina's continued prosperity depends on protecting the State's water resources for current use and future generations; and,

WHEREAS, North Carolina is expected to grow by 3.5 million people to exceed 12 million by the year 2030, placing pressures on the State's water resources and local water providers; and,

WHEREAS, North Carolina's businesses, traditional and emerging industries all depend on reliable supplies of clean water, reasonable utility costs and an attractive natural environment; and,

WHEREAS, the 1988 Clean Water Bonds delivered significant benefits to North Carolina communities and citizens, supporting 1103 projects in 97 counties, which helped create or retain 42,000 jobs, corrected major regulatory violations in 97 communities, addressed failing septic systems and contaminated wells in 59 counties, resulted in 50 communities receiving sewer service for the first time, and encouraged regional efficiencies, sound planning and conservation practices; and,

WHEREAS, North Carolina's public water, sewer and stormwater utilities will require investments totaling \$16.63 billion to keep pace with necessary improvements and population growth over the next 25 years, including \$6.85 billion in investments within the next five years.

NOW, THEREFORE, BE IT RESOLVED by the Chowan County Board of Commissioners that the North Carolina General Assembly be urged to enact a \$1 billion bond bill in the 2006 session to fund construction and repair of urgently needed water, sewer and stormwater facilities.

BE IT FURTHER RESOLVED by the Chowan County Board of Commissioners that the Governor and the General Assembly be requested to activate the State Water Infrastructure Commission to address the State's long-term water infrastructure needs with a visionary plan for sustained funding of water, sewer and stormwater system improvements.

Adopted today, May 1, 2006.

Nancy B. Morgan, County Clerk

Contract with the State of North Carolina for Leased Space on the Communications Tower

Mr. Rascoe presented a proposed contract to lease space on the County's communications tower to the State of North Carolina. The leased space will allow the State to install and activate its VIPER system in the Chowan County area. The contract specifies a 99-year contract for \$1.00. Installation is expected by the end of this month.

Commissioner Allgood made a motion that the contract with the State of North Carolina be approved as presented.

Ayes 7

No 0

Bids for Walker Gym Renovations

Mr. Rascoe stated that bids for the renovations at Walker Gym were readvertised since the County did not receive a sufficient number of bids at the first bidding. The second bid opening produced only one bid, a joint bid from A.R. Chesson and Ward and Son, Inc. This bid came in over budget, at \$160,000.

Mr. Rascoe recommended that the County accept this bid on condition that negotiations be pursued to bring the price in line with the money budgeted for the work, and that the Finance Committee be authorized to approve the contract.

Commissioner Winslow made a motion that the recommendation to authorize a negotiated price be approved and that the Finance Committee be authorized to approve the contract.

Ayes 7

No 0

Public Comment

None offered.

Manager's Report

Mr. Copeland announced that the Northeast Partnership members will meet again this week to review the organizational structure and to receive nominations to elect new officers. The Partnership members continue to address the State Auditor's report to make corrections in the deficiencies. County Board Chairmen and Managers in the area will also meet this week to discuss a plan of action.

The Finance Officer and the County Manager expect to have a budget ready for the Finance Committee's review in two weeks. Major expenses include: a more than 100% increase in the cost of workers compensation insurance (due to some costly accidents, including the death of a deputy sheriff), a \$250,000 increase in Medicaid, and major repairs to the Courthouse and Swain Auditorium. The Board of Education has also requested a 25% increase in current expense funding.

Upon request from Commissioner Alligood, Mr. Copeland will inquire as to the status of the heliport at Chowan Hospital.

Chairman Goodwin stated that he attended a meeting of the NC Association of County Commissioners where the question of Medicaid relief was discussed. A proposal that counties give up a portion of sales tax in exchange for the State assuming the responsibility for Medicaid seems to be in trouble because the larger counties do not support the proposal. He said that the larger counties with towns and cities seem to forget that residents from the smaller counties shop and spend money in the larger counties. Chairman Goodwin noted that the smaller counties, such as Chowan, are at the mercy of the larger counties.

The meeting was adjourned.

Nancy B. Morgan, County Clerk

Board of Equalization and Review

The Board of Equalization and Review reconvened from the recessed April meeting to receive two appeals, with Tax Administrator Lynda Hendricks serving as clerk.

The County Clerk received an oath of office to serve as a member of the Board of Equalization and Review from Commissioner Winslow who was absent at the April meeting.

Appeals heard by the Board of E&R were:

J. Scott Harrell Jr.

Richard Hill

With no additional appeals requested, the Board of Equalization and Review adjourned.

Nancy B. Morgan, County Clerk