REQUEST FOR BOARD ACTION

ITEM NO. 4

DATE OF MEETING: July 27, 2015

REQUESTED BY: Melissa Pedersen, Administrative Assistant

SHORT TITLE: Approval of Minutes: Special Meeting: June 29, Special Joint Meeting: June 29, and Regular Meeting: July 7.

BACKGROUND: N/A.

SPECIFIC ACTION REQUESTED: Review and approve the minutes.

MONDAY, JUNE 29, 2015 – 6:00 p.m.

The Pender County Board of Commissioners met in a Special Meeting on Monday, June 29, 2015 at the Commissioner's Public Assembly Room, 805 S. Walker St., Burgaw, NC 28425.

MEMBERS PRESENT: Chairman David Williams, presiding; Vice-Chairman George Brown; Commissioners Fred McCoy, David Piepmeyer, and Demetrice Keith.

OTHERS PRESENT: Randell Woodruff, County Manager; Trey Thurman, County Attorney; Melissa Pedersen, Clerk to the Board; Sylvia Blinson, Interim Finance Director; other staff and members of the Press and public.

CALL TO ORDER
Chairman Williams called the meeting to order at 6:01 p.m. and thanked and welcomed all to the meeting.

INVOCATION
Commissioner McCoy offered the Invocation.

PLEDGE
Commissioner Brown led the Pledge of Allegiance.

Chairman Williams explained the reason for this special meeting in regards to the budget amendments presented.

Ms. Blinson explained that these budget amendments are needed to close out funds 61, 62, 67, 68, and 69. Ms. Blinson stated that these were different phases of the Water Treatment Plant that had never been closed out. The funds that are remaining are being transferred to operating funds in the Rocky Point District. There being no discussion, Mr. Brown made a motion to approve the budget amendments for funds 61, 62, 67, 68, and 69. Mr. McCoy seconded the motion and it was unanimously approved.

Ms. Blinson further explained that fund 77 is insufficient and funds need to be moved from the General Fund to cover the deficiency. These insufficient funds are for debt service that was not budgeted for. There being no discussion, Mr. Brown made a motion to approve the budget amendment for fund 77. Mr. McCoy seconded the motion and it was unanimously approved.

Ms. Blinson explained that the final budget amendment is for fund 72 – Rocky Point Topsail Water and Sewer stating that this was just to balance the line item. There being no discussion, Mr. McCoy made a motion to approve the budget amendment for fund 72. Mr. Brown seconded the motion and it was unanimously approved.

ADJOURNMENT
There being no further business, the meeting adjourned at 6:08 p.m.

Respectfully Submitted,

Melissa Pedersen

Melissa Pedersen, Clerk to the Board

Reviewed By:

Ann Coombs, Administrative Assistant

MONDAY, JUNE 29, 2015 – 6:30 p.m.

The Pender County Board of Commissioners met in a Special Joint Meeting with the Pender County Board of Education on Monday, June 29, 2015 at the Commissioner's Public Assembly Room, 805 S. Walker St., Burgaw, NC 28425.

MEMBERS PRESENT: Chairman David Williams, presiding; Vice-Chairman George Brown; Commissioners Fred McCoy, David Piepmeyer, and Demetrice Keith.

OTHERS PRESENT: Former N.C. Supreme Court justice Willis Whichard, Mediator; Randell Woodruff, County Manager; Trey Thurman, County Attorney; Melissa Pedersen, Clerk to the Board; Sylvia Blinson, Interim Finance Director; Dr. Terri Cobb, Schools Superintendent; Karen Rouse, BOE Chairperson; BOE Vice-Chairman Brad George; BOE Members Katherine Herring and Kenneth Lanier; Betsy Chestnut, Chief Financial Officer for Pender County Schools; Richard A. Schwartz, BOE Attorney; and other staff and members of the Press and public.

The meeting convened at 6:44 p.m.

Mr. Whichard began the meeting reviewing the statute regarding the process of mediation, arbitration, and fees. Mr. Whichard added that nothing spoken through the mediation process is admissible in court. He closed by telling a brief story to both boards that relates to mediation.

At 6:55, Mr. Richard Schwartz introduced himself and explained the process of mediation and what would happen should a resolution not be reached through mediation. He began his presentation by thanking the Board of Commissioners for passing a budget to include the School Bonds.

Mr. Schwartz stated that the Board of Education is not asking for an additional tax increase. He then explained the size of Pender County Schools as it relates to students, building size, employees, meals served, and busses on the roads. Student performance was also reviewed and compared to where Pender County Schools related to statewide statistics. Mr. Schwartz then continued by explaining the growth of student numbers in the school system. The presentation then moved to state mandates for schools that are not funded or underfunded including pending state allotments. Lottery funds and financial challenges were also discussed. Mr. Schwartz argued that Pender County's Per Pupil Spending continues to decrease. He then broke down and explained where the request for added funding would go.

Positions requested are:

- 1 IT person
- 1 Middle School Director
- 4 Teachers
- ½ Funding for JROTC instructor at Heide Trask High
- 2 JROTC Instructors for Topsail High
- 2 Maintenance staff

Funding is also being requested

- Professional Development
- Drivers Education
- Water and Sewer
- Building and Vehicle Insurance

Mr. Schwartz then discussed the Capital Outlay needs. He broke down the Capital Outlay requests one by one.

- Mobile Classrooms and Shingle Replacement
- Security System at Heide Trask High
- Paving and Walkways
- JROTC Building at Topsail High
- Security System Upgrades
- Replacement of Technology Equipment
- Purchase Computer Hardware
- 1 Yellow School bus
- 2 White Activity Busses
- 2 Maintenance Vehicles
- 2 Drivers Education Vehicles

After discussing the requests from the Board of Education, Mr. Schwartz then explained places that he felt the money could come from to fund Pender County Schools without a tax increase. Those suggestions were:

- Fund Balance
- Debt Service Savings
- Actual Revenues that Exceed Budgeted Revenues

Mr. Schwartz explained his findings for each option. Following his argument as to where funding could come from without a tax increase, he explained what the Board of Education plans to resolve through the mediation process. These things included a schedule to sell new school bonds, money now to secure land for new school facilities, and money for Architecture and Engineering fees to develop new school designs and drawings. Mr. Schwartz ended his presentation by asking that both Boards work together to come to a resolution.

Mr. Whichard asked Mr. Thurman if the County was ready to make comments on the School Boards proposal. Mr. Thurman stated that budgeting with imaginary money is illegal. Mr. Thurman further stated that revenues and expenditures have to match in the budget. Mr. Williams thanked Mr. Schwartz for his time and added that Pender County did not cut when everyone else was cutting budgets. Mr. Williams stated that the Board of Commissioners would like a chance to respond, but asked that the Board would have a chance to review the information and respond. Mr. Whichard stated that the requirements for the statute have been met by this meeting tonight. Mr. Schwartz recommended breaking into work groups which is done in private. These groups consist of the Chair from each Board, Superintendent/County Manager,

Finance Officer, and Attorney for each Board. Mr. Whichard suggested adjourning the meeting and breaking into those groups to set some meeting dates.

Before adjourning, Mr. Williams asked it were okay to make the Commissioners presentation public when it is ready. Mr. Whichard said that it was appropriate to make the presentation public when it is ready.

ADJOURNMENT
There being no further business, the meeting adjourned at 8:22 p.m.

Respectfully Submitted,

Melissa Pedersen

Melissa Pedersen, Clerk to the Board

Reviewed By:

Ann Coombs, Administrative Assistant

MONDAY, JULY 7, 2015 – 4:00 p.m.

The Pender County Board of Commissioners met in regular session on Monday, July 7, 2015 at the Commissioner's Public Assembly Room, 805 S. Walker St., Burgaw, NC 28425.

MEMBERS PRESENT: Chairman David Williams, presiding; Vice-Chairman George Brown; Commissioners Fred McCoy, David Piepmeyer, and Demetrice Keith.

OTHERS PRESENT: Randell Woodruff, County Manager; Trey Thurman, County Attorney; Sylvia Blinson, Interim Finance Director; Denise Mulhollen, Human Resources Director; other staff and members of the Press and public.

CALL TO ORDER
Vice Chairman Brown called the meeting to order at 4:00 p.m. and thanked and welcomed all to the meeting.

INVOCATION
Commissioner Piepmeyer offered the Invocation.

PLEDGE
Commissioner Keith led the Pledge of Allegiance.

EXCUSE COMMISSIONER
Mr. Brown mentioned that Mr. Williams was running late but that he was on his way. Ms. Keith made a motion to excuse Mr. Williams. Mr. McCoy seconded the motion and it was unanimously approved.

ADDENDUM
Mr. Brown also noted that there was a Resolution regarding HB 154: Local Government in State Health Plan. Mr. Woodruff explained that staff has been watching this bill closely and that late last week the Governor signed this bill into law. Mr. Piepmeyer made a motion to add this resolution to the Agenda, Ms. Keith seconded the motion and it was unanimously approved. Mr. Brown asked for discussion. Mr. Woodruff reviewed the Resolution highlighting the important points. Mr. McCoy asked about savings to the County should it get on the State Health Plan. Mr. Woodruff stated that the savings to Pender County would be significant. Mr. Piepmeyer made a motion to approve the Resolution. Ms. Keith seconded the motion and it was unanimously approved.

PUBLIC COMMENT
Neal Shulman of 207 Hillsdale Road, Wilmington – Mr. Shulman stated that he has property off of Union Chapel Road that he uses for farming. He spoke regarding shooting and hunting. He asked that the Board stiffen the ordinance for shooting. He stated that the 200 ft. ordinance it not far enough to be safe adding that he has heard bullets fly by him in the past. Mr. Brown asked if Mr. Shulman felt that people were shooting illegally. Mr. Shulman stated that since he does not have a dwelling on his property which would be covered by the current ordinance, therefore it does not help his situation. Mr. Brown asked that Mr. Shulman call the County Manager regarding changes to the ordinance.

Cheryl Beatty of 513 W. Bridgers Street Ext, Burgaw – Ms. Beatty stated that she lives in a curve that people fly around. She stated that she has contacted the Town of Burgaw as well as the State and nothing is being done. She recommended a stop sign or something to get people to slow down. Mr. Brown recommended that she contact the Manager and that he will help her to get in contact with the right people. Mr. McCoy also recommended Ms. Beatty contact Mr. Butler with the NCDOT.

CONSENT AGENDA

Vice Chairman Brown presented the items on the Consent Agenda and asked for any discussion or questions. Mr. Piepmeyer asked to pull items 3b, 3e, 3g, 3h, 3i, 3j, 3k, 4b, 6a, 6b, 7a, 7b, 7c, 7d, 7g, 7h, 7i, 8a, 8b, and 9. Mr. McCoy made a motion to approve the Consent Agenda with the exception of items 3b, 3e, 3g, 3h, 3i, 3j, 3k, 4b, 6a, 6b, 7a, 7b, 7c, 7d, 7g, 7h, 7i, 8a, 8b, and 9. Ms. Keith seconded the motion and the Consent Agenda items we approved as follows:

1. Approval of Minutes: Regular Session June 22.
2. Approval of June 2015 Tax Releases and Refunds.

3a. Approval of a Purchase Order to Carolina Recording Systems, Inc. for Annual Maintenance Renewal of 911 Center Recording System: $5,500.

3c. Approval of a Purchase Order to North Carolina Department of Justice: $16,000.

3d. Approval of a Purchase Orders to NC Department of Corrections: $10,000; and US Food Services: $75,000.

3f. Approval of a Purchase Order to Motorola Credit Company in the Amount of $79,832.29 for the 911 Center Radio System Lease.

3l. Approval of a Purchase Order to Priority Dispatch for Software Maintenance and Support in the amount of $5,965.50.

3m. Approval of a Purchase Order to Safran for LiveScan Fingerprint Station Maintenance and Support in the amount of $5,391.75.

4a. Approval of a Purchase Order to Overdrive for Library E-Book Collection Purchase and Management: $6,000.

4c. Approval of Annual Renewal of Licenses and Maintenance Agreement for Library Automation System with Library Corporation: $18,509.00.

5. Approval of a Purchase Order for River Monitoring to the US Geological Survey: $6,500.00.

7e. Approval of a Purchase Order to Arc Point for Drug Screens for CPS clients: $15,000.

7f. Approval of a Purchase Order to Lab Corp for DNA Testing for Child Support: $7,500.

7j. Approval of a Purchase Order for Child Support Office Space: $25,000.

7k. Approval of a Purchase Order to Serenity Adult Day Care: $6,927.

3b. Approval of a Purchase Order to Correctional Behavioral Health for Jail Inmate Health Services: $14,400.

Sheriff Smith stated that these consent items were items that were all approved by the budget. Mr. Smith stated that this items is for mental health services for the inmates. Sheriff Smith stated that three or four years ago the State stopped funding this and the County has since contracted it out. He added that this cost is for the full year. Captain Jones stated that this vendor is out of Durham, NC. Mr. Piepmeyer asked if this has been bided out. Sheriff Smith stated that it had not.

Chairman Williams joined the meeting at 4:22 p.m. and apologized for his delay.

3e. Approval of a Purchase Order to Motorola Solutions for the Service Agreement on the 911 Center Radio System: $20,338.20.

Sheriff Smith stated that the state puts a surcharge on phone bills that pays for this. Mr. Smith stated that this funding is funneled by the State.

3g. Approval of a Purchase Order to NetMotion for Software Maintenance and Support for the County Emergency Services Mobile Network in the amount of $6,410.

Mr. Piepmeyer asked how often this program is used. Sheriff Smith stated that this program is used daily to connect and communicate through the County network.

3h. Approval of a Purchase Order to Sungard Public Sector for Software Maintenance Services: $6,925.56.

Sheriff Smith stated that this software allows interface with surrounding counties. This software helps to gather information on suspects.

3i. Approval of a Purchase Orders for Inmate Housing to NC Department of Corrections: $100,000; New Hanover County Sheriff's Office: $75,000; and Onslow County Sheriff's Office: $400,000.

Sheriff Smith stated that the Pender County Jail is extremely overcrowded and therefore, Pender County uses neighboring jails to help house inmates. The Sheriff also noted that these amounts are not the full approved funding for the year, they just want to see how it goes. Discussion ensued on how it is decided who goes to which jail. Mr. Piepmeyer also asked if Sheriff Smith has looked at alternate solutions for this. Discussion took place on the alternate solutions that have already been put into place.

3j. Resolution Authorizing Issuance of Purchase Order to Transform Health for Inmate Medical Care in the Pender County Jail: $302,581.60.

Sheriff Smith noted that the County is completely responsible for all inmate healthcare. He also added that there is a nurse on call at all times. Captain Jones explained how healthcare is handled in the jail and discussion ensued regarding to types of healthcare in jails.

3k. Approval of a Purchase Order to Pioneer Network Inc. for Six (6) Intensive Use Chairs for the 911 Center in the amount of $8,564.00.

Mr. Piepmeyer stated that he thought this was really expensive for chairs. Sheriff Smith stated that these chairs are necessary and used in the 911 center and that there is someone sitting in there 24/7. Sheriff Smith also stated that he tries to make the 911 Operators as comfortable as possible.

4b. Approval of a Purchase Order to Ingram Library Services: $55,000.

Mr. Taylor stated that this company is a book-jabber like Amazon and it offers discounts. Mr. Taylor stated that this company typically gives a 45% discount. Mr. Piepmeyer asked how many books $55,000 will by the County. Mr. Taylor stated it depends on the book and that $100 gets about 4-6 books. Mr. Piepmeyer thanked Mr. Taylor.

6a. Approval Purchase Order for Health Department Consultant Services Contracts for Fiscal Year 2015-2016: $759,273.

Mr. Piepmeyer stated that Pender County spends a lot on dental. Discussion ensued on the dental clinic and mobile dental clinics and dentist salaries. The Migrant Farm Worker program was also discussed with regard to grant money. Mr. Brown stated that these services are helpful and self-sustaining.

6b. Approval of Purchase Order for Health Department Vendor and Supply Services Contracts for Fiscal Year 2015-2016: $416,251.

Mr. Piepmeyer asked regarding the Board of Education Purchase Order. Ms. Moser stated that this money was for three school nurses and that this is paid by the state and just passes through the county. Mr. Piepmeyer then asked about e-claims. Ms. Moser stated that it was the cost to file claims electronically. Mr. Piepmeyer then asked about the services provided by COECO. Ms. Moser stated that this is for the copiers.

7a. Approval of a Purchase Order for Foster Care Vendor Payments: $450,000.

Ms. Moser stated that this is all state and federal money to carry through the whole year for Foster Care vendors. Ms. Moser stated that 30-40 children are serviced with this money.

7b. Approval of a Purchase Order for Day Care Provider Payments: $1,600,000.

Mr. Piepmeyer asked if all of these daycares were in Pender County. Ms. Moser stated that she believes there are a few in New Hanover County. She stated that these funds all come from the state and that there are 365 children benefitting from this program and over 100 on the waiting list.

7c. Approval of a Purchase Order to Quill for Office Supplies: $10,000.

Mr. Piepmeyer asked where this company was located and how long the County has been using them. Ms. Moser stated that this is a company various departments use but that they were not local. Mr. Woodruff added that staff tries to purchase local, but it is not always possible.

7d. Approval of a Purchase Order to B.W. Wilson for Copy Paper: $10,000.

Ms. Moser stated that staff may not spend all of the money even if approved. Ms. Moser added that staff has been in purchasing long enough that they know where to look for deals.

7g. Approval of a Purchase Order for Medical Transportation Services: Kris Transportation: $250,000; MV Transportation: $250,000.

Ms. Moser stated that the County fronts the money and it is reimbursed by Medicaid. Mr. Piepmeyer asked how long it takes for Medicaid to refund Pender County and Ms. Moser also stated that money is usually refunded within three months. Ms. Moser stated that this is State and federally mandated that transportation is provided for Medicaid patients.

7h. Approval of a FY 15-16 Contracted Services Purchase Order to Advance Imaging Systems for scanning: $200,000.

Ms. Moser stated that these records are historical records that cannot be destroyed. Ms. Moser stated that DSS is running out of space and added that in a few years this scanning should be complete.

7i. Approval of a Social Services Contracts and Authorizing Purchase Orders for FY 15-16: Mega Force: $20,000; Greene Resources: $35,000; DSS Attorney: 75,000.

Mr. Piepmeyer asked about the DSS attorney. Ms. Moser stated that DSS is required to have an Attorney for Child Protective Services, Adult Protective Services, Child Support, etc. Ms. Moser also stated that this Attorney goes to every hearing and submits a bill for her hourly services. Mr. Piepmeyer asked about going out for bids on this. Ms. Moser stated it would be hard to find someone with her knowledge. Mr. Piepmeyer then asked about interpreters. Ms. Moser stated that they try to hire bi-lingual employees but they are typically snatched away by other counties. Ms. Moser added that it is required to have an interpreter on staff.

8a. Approval of Contract Service Renewals and Purchase Orders over $5,000.00 for the Information Technology Services (ITS) Department for FY 2015-2016 in the Amount of $467,232.00.

Mr. Piepmeyer asked if any of these contracts have gone back for bids. Mr. Moore stood in for Mr. Harvey. Mr. Moore stated that these are all just maintenance contracts. Mr. Piepmeyer asked if ITS was looking to consolidate and bid out to vendors. Mr. Moore stated that some of these are required but that ITS does try to bid out and save when possible.

8b. Approval of FY 2015-2016 Information Technology Services (ITS) Department Capital Outlay and IT Equipment Lease Purchase Orders in the Amount of $630,000.00.

Mr. Moore explained the item. Mr. Piepmeyer added that for future requests it would be nice to have more information prior to the meeting. Mr. Woodruff asked if this item would cover all of the purchasing for the year. Mr. Moore stated that it pretty much was. Mr. Woodruff stated that they should come back as they need to purchase and that he would recommend the Board not approve this. Discussion ensued regarding the purchase order process with regards to capital outlay and leases.

9. Resolution to Appoint Takia McIntire as a Deputy Tax Collector.

Mr. Brown asked why this item is listed under the Consent Agenda. Ms. Mulhollen stated that this was approved in the budget process and this person just has to be named and appointed by the Board. Ms. Murray added that this will allow Ms. McIntire to serve as a backup in the event she is unavailable. Mr. Piepmeyer asked how long Ms. McIntire has been an employee of Pender County. Ms. Murray stated that she has been with Tax Collections for about four years.

There being no further discussion on these Consent Agenda items, Mr. Piepmeyer made a motion to approve items 3b, 3e, 3g, 3h, 3i, 3j, 3k, 4b, 6a, 6b, 7a, 7b, 7c, 7d, 7g, 7h, 7i, $500,000 of 8b, and 9 and deny items 8a and $130,000 of 8b. Mr. McCoy seconded the motion and it was unanimously approved.

APPROVALS AND RESOLUTIONS

10. Resolution Authorizing Designated Agents for 2014 Unified Hazard Mitigation Assistance Program.

Planning Director Kyle Breuer explained: On March 3, 2014 Planning Staff and Emergency Management Staff provided public information to the Board regarding the Unified Hazard Mitigation Assistance Program, funded through the North Carolina Division of Emergency Management and Federal Emergency Management Agency (FEMA). This program is intended to offer assistance in the form of home elevation, foundation retrofitting, and acquisition to properties that have suffered repeated flood losses in Pender County. UHMA funds have been made available for the FY 14 funding cycle and Pender

County has been awarded $2,099,254 to acquire and/or elevate certain residential dwellings above base flood elevation and/or retrofit the dwelling's foundation. The program will provide 100% of the cost of elevating/retrofitting dwellings and the County will experience no direct costs for this program. Eleven applicants from Pender County were submitted on July 1, 2014 to NCDEM. Eligible applicants will be notified once funding has been secured with Pender County. Mr. Breuer stated that there are funds available for FY 2015 and that staff has already submitted a letter of interest. Mr. McCoy stated that he was concerned that people would get help elevating their homes with tax dollars and then sell them for a huge profit. Mr. Breuer explained that most of these home are older homes on the coast that were constructed in the 1970s and 1980s and that he understands the concern. There being no further discussion, Mr. Brown made a motion to approve the item. Mr. Piepmeyer seconded the motion and it was approved 4-1 with Mr. McCoy voting in opposition.

11. Proclamation of July 25, 2015 through August 2, 2015 as Gullah/Geechee National Appreciation Week.

Mr. Williams asked if there was anyone present from the Gullah/Geechee organization. Ms. Keith asked what the organization was. Mr. Williams briefly explained the culture stating that most people relate these people to the low country but at one time there was a large presence here in Pender County. Mr. Brown stated that this resolution is to recognize the culture. Further discussion ensued regarding this organization and its history. There being no further discussion, Mr. Brown made a motion to approve the resolution. Mr. McCoy seconded the motion and it was unanimously approved.

APPOINTMENTS

12. Approval of Appointments to the Pender County Collector Street Plan Update Steering Committee.

The goal of the Collector Street Plan is to provide a comprehensive guide for the collector street network that would improve connectivity, encourage multi-modal transportation, maintain required traffic speeds, promote safety, and enhance the beauty and environment for existing and future residents, businesses and visitors. Three Pender County citizens with significant knowledge and experience in one of three sectors are needed for the Steering Committee. The sectors include the building sector, environmental sector, and business sector. Pender County has received four applications for this committee. Those applying are Charles Strickland, Ellen Cornette, Kevin Reynolds, and Barbara Puffpaff. Mr. Breuer stated that the Committee needs three members, but the Board could appoint all four if they wish. Mr. Keith made a motion to appoint all four applicants to the Pender County Collector Street Plan Update Steering Committee. Mr. McCoy seconded the motion and it was unanimously approved.

ITEMS FROM THE COUNTY ATTORNEY

Mr. Thurman stated there will be items for Closed Session, Item #'s 3 and 6. Mr. Thurman also noted that Mediation with the Pender County Board of Education will commence Thursday, July 9, 2015 at 12:00 p.m. Mr. Thurman also noted that this potion of mediation is not a public meeting.

ITEMS FROM COUNTY COMMISSIONERS

Mr. Brown – Mr. Brown stated that he was approached by a citizen about a vehicle assessment value. This person would like to know what system Pender County uses to determine values on property. Mr. Woodruff stated that he will get in touch with the Tax Assessor and find out.

Mr. Piepmeyer – Mr. Piepmeyer stated that he was contacted by an individual in the military about starting a business in Pender County. Mr. Piepmeyer asked about creating a checklist on how to start a business in Pender County. Mr. Woodruff stated that this is typically handled by the Small Business Centers in the Community Colleges. He stated that he will work with the Community College on this. Mr. Piepmeyer stated that he would also like information about how many unfunded budget mandates are in the current budget, where they come from, and the amount of those mandates. Mr. Piepmeyer stated that he is really concerned about these unfunded mandates.

Mr. McCoy – Mr. McCoy stated that since the budget was passed he has had a lot thrown at him, both comments that are true and some that are untrue. Mr. McCoy commented that most of it is from the school bonds. Mr. McCoy closed by stating that Pender County must protect the fund balance.

Mr. Williams – Mr. Williams stated that he has spoken with Steve Keen who works with Governor Pat McCrory. Mr. Keen asked that Pender County pass a resolution for the Connect NC Transportation Bond. He further noted that some counties are passing this resolution, but in the resolution asking for specific projects. Mr. Williams also asked Sheriff Smith about the disposal of old prescription drugs. Sheriff Smith stated that 8-5 Monday through Friday their Burgaw office will accept old prescriptions to be put in the lock box and then two deputies will dispose of them properly.

Mr. Smith also asked about tonight's vote on insurance. Mr. Woodruff stated that the only thing passed tonight was a Resolution requesting to be added to the State Health Plan. Mr. Brown asked if the plan was comparable to what is offered by Pender County now. Mr. Woodruff stated that it is and that information on the plan will go out if and when Pender County is accepted on the plan. Mr. Smith asked that the Board be sure to look at the plan before entering it. Mr. McCoy stated that he is on the State Health Plan and it is better than what Pender County offers currently because there is a larger pool of people insured.

CLOSED SESSION

At 5:48 p.m., Mr. Brown made a motion to enter into closed session, pursuant to NCGS 143-318.11: 3) to consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body, which privilege is hereby acknowledged. General policy matters may not be discussed in a closed session and nothing herein shall be construed to permit a public body to close a meeting that otherwise would be open merely because an attorney employed or retained by the public body is a participant. The public body may consider and give instructions to an attorney concerning the handling or settlement of a claim, judicial action, mediation, arbitration, or administrative procedure. If the public body has approved or considered a settlement, other than a malpractice settlement by or on behalf of a hospital, in closed session, the terms of that settlement shall be reported to the public body and entered into its minutes as soon as possible within a reasonable time after the settlement is concluded; 6) To consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee; or to hear or investigate a complaint, charge, or grievance by or against an individual public officer or employee. General personnel policy matters may not be considered in a closed session. A public body may not consider the qualifications, competence, performance, character, fitness, appointment, or removal of a member of the public body or another body and may not consider or fill a vacancy among its own membership except in an open meeting. Final action making an appointment or discharge or removal by a public body having final authority for the appointment or discharge or removal shall be taken in an open meeting. Mr. Piepmeyer seconded the

motion and it was unanimously approved. The Board exited the Closed Session at approximately 6:50 p.m.

Upon exiting closed session, Mr. Williams read a response to the Pender County Board of Education:

"In the interest of working through the mediation process in good faith, the Pender County Board of Commissioners do not feel it will be productive to respond to each item presented in the Board of Education presentation. Citizens of the County fully understand that Pender is not the same from a tax base stand point as either New Hanover or Brunswick, despite sharing a border with each.

The claim that the BOE's request can be funded without raising taxes simply must be addressed as it simply is not factually correct. The Board agonized over the Budget, and certainly did not include 2.6 Million dollars of unnecessary funds. The BOE identified three areas where it claimed the funding could be obtained, which will addressed below.

COUNTY FUND BALANCE: The County fund balance has declined in 4 of the 5 most recent budget years. The average fund balance of counties in NC is over 27% (LGC Memorandum #2015-10). The suggestion that Pender should further decrease its fund balance would risk increasing borrowing costs for the upcoming $75 Million in school bonds. Further, the BOE's request are for recurring funds, and the Local Government Commission advises that "appropriation of fund balance is a one-time revenue source and should not be used to balance reoccurring expenses." (LGC "Policy Manual for Local Governments", Section 10, Part III (F), pg. 16). This is consistent with County policy that fund balance is to be used for one time uses.

DEBT SERVICE FUNDING: The BOE then suggests that the approximately 11 cents built into the budget to pay for school debt service can be reallocated to pay for current expenses instead. Their presentation asserts that not all of the increase need be used for this year's debt service. That ignores that in 2009 the Board did not implement a 3.5 cent tax increase that was scheduled to repay the 2005 school bond debt. The County has used fund balance and made cuts to other County programs in excess of Eight Million Dollars to compensate for the 3.5 cents which was not imposed in 2009. The BOE asserts that 8.2 cents would fund school debt, leaving 2.8 cents which could be reallocated to their needs in this budget year. The revenue neutral number of the forgone 3.5 cent tax increase is 2.6 cents. Thus even under the BOE's reasoning and math, only 0.2 cent in funds would be available. That small amount is well within the potential increased cost from the unknown interest rates on the bond, and is nowhere near enough to fund the 2.6 Million requested by the BOE. Further, in this budget year the County allocates $2,580,000 from interest and sales tax refunds from previous bond projects, which is a one-time source. This one time funding will not be available in future years.

ACTUAL REVENUES EXCEED BUDGETED REVENUES: This claim apparently arises from a basic misunderstanding of budgeting. The BOE claims that because actual revenues have exceeded expected revenues by an average of$ 2.6 Million per year that the County should assume there will be an additional $2.6 Million in revenues for next year and plan to give all those revenues to the BOE. Leaving aside the well-known risk of what happens when one assumes, this ignores that even though revenues increase, and expenditures may increase as much or more. In fact of the three years upon which the BOE relies, the County fund balance decreased in 2 of the 3 years which means actual expenses exceeded actual revenues.

There are a variety of other issues which need to be considered, such as that the County Commissioners fund an additional $377,000 for School Resource Officers and $150,000 School Nurses in the County Budget. That amount is not included in the current expense allocation in the BOE's calculations of per pupil funding. There also is no final determination on the Driver's Education funding until a State Budget has been adopted.

It also is important to remember that the sole issue for mediation between the Board of Commissioners and BOE is whether the funds allocated to the BOE by the Commissioners is sufficient to fund a sound, basic public education. The Commissioners will refrain from picking apart the BOE's budget for items outside that minimum requirement as it would have to do at trial. It is worth wondering why if the current expense funding falls below that minimum, that the BOE has a fund balance of 3.7 Million dollars. This fund balance comes almost exclusively from County funds (with a small amount from other sources such as fines and forfeitures). This means that the BOE has chosen not to spend its full County funding in past years, but now is claiming that its funding level is insufficient to meet the bare minimum to provide a basic education."

ADJOURNMENT

There being no further business, the meeting adjourned at 7:09 p.m.

Respectfully Submitted,

Melissa Pedersen

Melissa Pedersen, Clerk to the Board

Reviewed By:

Ann Coombs, Administrative Assistant