

The Alleghany County Board of Commissioners and the Alleghany Board of Education met in special session on Monday, September 17, 2007, at 5:30pm in the Commissioners Meeting Room of the County Administration Building, 348 South Main Street, Sparta, North Carolina. The purpose of this meeting is to discuss school facilities and the QZAB projects.

Present: County—Chair Ken Richardson, Vice-Chair Warren Taylor, Commissioner Randy Miller, Commissioner Doug Murphy, Commissioner Milly Richardson, County Manager Don Adams, and Clerk to the Board Karen Evans. Board of Education—Chair Clarence Crouse, Vice-Chair Betsy Dillon, Faron Atwood, Mitch Franklin, Joel Souther and Superintendent Dr. Jeff Cox.

Chair Ken Richardson called the Commissioners' meeting to order at 5:40pm.

Clarence Crouse called the Board of Education meeting to order and asked for a moment of silence.

Chair Ken Richardson turned the meeting over to the Board of Education.

Clarence Crouse stated that they want to talk about the middle school concept. He reviewed prior conversations about the middle school concept with the conversation being left to come back to the Commissioners when more money was available, and it is their understanding that the General Assembly opened up additional money by the transfer tax or additional sales tax. He stated that their purpose of this meeting is to discuss with the Commissioners about where the Commissioners see the Board of Education going financially.

Mitch Franklin stated his appreciation for the opportunity to meet tonight and the support from the Commissioners. He talked about they have been working on saving money and have an alternative plan.

Commissioner Warren Taylor asked about costs for the revamped plan.

Mitch Franklin stated preliminary numbers are between \$5,000,000 and \$6,000,000.

Commissioner Doug Murphy asked if the new plan is 7-8 grades or 6-8 grades.

Mitch Franklin stated that they are open to both.

Dr. Jeff Cox talked about looking at 6-8 grades, keeping the playground and parking areas. He stated that the Board of Education hasn't taken action on Mr. Franklin's plan.

Faron Atwood talked about the plan has modest renovations at the auditorium.

Commissioner Warren Taylor asked if the recurring costs have changed.

Dr. Cox stated that there haven't been any changes. He reviewed for the Boards that the recurring costs started around \$900,000 and they worked to decrease it to around \$600,000. He further reviewed that the recurring costs are needed to hire additional staff that would be necessary to offer the necessary programs.

Commissioner Doug Murphy and Dr. Cox talked about the recurring costs includes staff and maintenance costs.

Mitch Franklin talked about taking the building costs down to \$5,000,000-\$6,000,000 from \$10,000,000-\$12,000,000. He stated that they could look at having 7-8 grades with only minimal renovations to the auditorium.

Commissioner Milly Richardson asked how many additional personnel will be needed.

Dr. Cox stated that he would have to get the exact numbers. He reviewed some of the new positions.

Commissioner Milly Richardson and Dr. Cox talked about recurring costs will increase each year.

Mitch Franklin reminded the Commissioners that they are looking at the same amount of

recurring costs for the three schools.

Chair Ken Richardson talked about each Commissioner will be talking on their own behalf because the Board hasn't taken any action about what to do with the additional monies. He further talked about putting the issue to the voters. He explained that he wants to reduce debt to make it easier to present the Board of Education's plan and they want to make it more favorable to the voters by showing that the County is in a better financial situation to pursue what the Board of Education is wanting. He talked about the General Assembly gave the Commissioners the option to do nothing, have a referendum on the additional sales tax and/or the transfer tax. He explained the difference between the sales tax and transfer tax and how each one impacts the County. He reiterated that each Commissioner is speaking as an individual not as a Board because the Board hasn't taken any action yet. He explained the timing of a referendum being possibly the Spring election.

Mitch Franklin stated that he would be willing to help with the referendum.

Commissioner Warren Taylor explained that both revenue sources are not constant since they are tied to the economy.

Clarence Crouse stated that they understand the Commissioners' needs and what the Commissioners' have to go through. He asked how the Board of Education plans for the future including their immediate needs. He stated that they are looking for direction on how to proceed. He talked about wanting to work with the Commissioners to address all of the needs; program wise and facility wise. He stated that the General Assembly talked about using a portion of the money for school needs.

Chair Ken Richardson explained that if the County uses the \$500,000 Medicaid money to pay off loans that were borrowed for school facilities it would be used for the schools.

Commissioner Doug Murphy and Mitch Franklin talked about needs there are for all of the schools if the middle school don't happen including Glade Creek Elementary School is out of space now, and they are land locked with water/sewer issues.

Commissioner Doug Murphy asked the Board of Education what is their timeline.

Faron Atwood stated that they don't have one because they are waiting on the financing for the projects.

Chair Ken Richardson talked about the \$2,000,000 QZAB funds and being supportive in keeping the QZAB projects exactly as they were outlined to the Commissioners. He stated that if the Board of Education prepares a plan to bring to them then the plan would be put to a referendum.

Faron Atwood and Chair Ken Richardson talked about the plan being a separate referendum than the referendum about the land transfer tax.

Mitch Franklin stated that he thinks it is smart to use the additional funds to pay down debt. He talked about working towards passing the land transfer tax in order to get the middle school underway.

Commissioner Doug Murphy and Dr. Cox talked about QZAB monies can't be used for new construction.

County Manager Don Adams explained how the laws for the QZAB funds have changed. He reviewed his discussions with the Commissioners' earlier today regarding the choices about obtaining a QZAB loan. He explained that a loan with LaSalle Bank will not be 0% interest as QZAB loans have been in the past. He stated that he recommended to the Commissioners to wait an additional month to find out whether BB&T will be interested in QZAB loans because currently LaSalle Bank is the only bank that he knows of that will offer QZAB loans.

Commissioner Doug Murphy talked about waiting 30 days may enable the use of the entire \$2,000,000.

County Manager Don Adams talked about the discussions started out as renovations to all

outlying schools rather than a middle school and there are numbers that show each scenario. He reviewed the history of the Board of Commissioners and Board of Education's discussions including starting the process to put the middle school on a referendum and going to the Local Government Commission for permission to construct a \$9,000,000 middle school, which would have maxed out the County's debt. He talked about the importance of fiscal responsibility to the citizens of Allegheny County rather than obtaining the Local Government Commission's (LGC) permission because the LGC has already given their permission prior. He talked about he doesn't see how the Board of Education can say what to do about the elementary schools until the middle school concept has been decided. He said that the main issue is do both boards support the middle school concept and if so, how does it get funded. He reviewed the options before the Commissioners. He talked about this is exactly where everyone was four years ago. He said he thinks the only way to move forward is to decide whether a middle school is a valid concept or not.

Commissioner Warren Taylor talked about at the last meeting; the Commissioners decided to go with Board of Education's decision about the middle school, and everyone left the meeting about how to come up with the money. He talked about the Commissioners have got to see how the money lines up with the new revenue options. He stated he still supports the middle school concept.

Chair Ken Richardson talked about the QZAB money would be used to fix facilities regardless of whether a middle school is built or not. He said if the Board of Education recommends a middle school; that's fine, but he will not approve \$5,000,000-\$6,000,000 without putting it on referendum. He said he doesn't think the Commissioners are holding up the project because the County needs the citizens input.

Faron Atwood asked if this is the entire Board's opinion.

Commissioner Randy Miller and Commissioner Milly Richardson stated that they agreed with Ken Richardson. Commissioner Randy Miller stated the need to let the residents decide.

Commissioner Doug Murphy talked about putting QZAB monies towards renovations.

Dr. Cox stated that QZAB monies are fixing items now. He talked about they have started enforcing district lines and the impact on Glade Creek Elementary School, which is at capacity. He further talked about they may be faced next year with a mobile unit. He gave an example of Glade Creek Elementary School adding classroom space.

Commissioner Doug Murphy asked has enforcing district lines helped Sparta Elementary School.

Dr. Cox stated that it has helped some because approximately 40 kids moved. He said he couldn't say for sure how much it helped.

Commissioner Milly Richardson talked about she remembers that approximately 125 students were in the wrong district.

Dr. Cox explained the number was around 119-120. He further explained that the Board of Education made a decision to allow students that were in 4-8 grades to stay at Sparta Elementary School and PK-3 grade would have to move to the appropriate district.

Commissioner Randy Miller asked if approval was given right now with the money in place how long would it take to build a middle school.

Mitch Franklin stated that the new plan could be built in 12 months and the other plan would be about 18 months.

County Manager Don Adams asked about if boards are looking at going with 7-8 grades are the space needs met at Glade Creek Elementary School and Piney Creek Elementary School.

Dr. Cox stated that it would currently but who knows about the future.

Commissioner Doug Murphy talked about both scenarios would satisfy space needs currently.

Dr. Cox stated that additional cuts would hurt rather than help with the situations. He used Glade Creek Elementary School as an example. He said that they can't go forward with any plans until they know where the Commissioners are.

Mitch Franklin stated if this is going to referendum in May, they will help get it passed.

Commissioner Warren Taylor stated that the Commissioners need to have a workshop with the County Manager to look at financing and then meet with the Board of Education before setting the referendum.

Faron Atwood asked the Commissioners what numbers they want to see.

Commissioner Warren Taylor stated that the Board of Education has given the Commissioners a figure of \$5,000,000-\$6,000,000 and \$600,000 recurring costs. He further stated that the Commissioners need to look at the new revenues that will be coming in and how they match up plus the need to look at that information before setting a referendum in the Spring.

Commissioner Doug Murphy and Mitch Franklin talked about the numbers are based on current construction costs.

Commissioner Warren Taylor stated that the previous board voted to start the bond process, and then the Board of Education decided not to go forward. He further stated that now there are these new revenue options that have to be reviewed.

Dr. Cox compared the county's situation last time versus this time. He talked about the additional revenue sources including the Medicaid relief, understanding the County will be looking their safety needs, and how the new revenue sources could be applied towards the middle school.

Commissioner Doug Murphy and Commissioner Warren Taylor talked about the voters will ask how much this action will cost them and that question can't be answered right now.

Mitch Franklin stated that is exactly the reason that it was delayed the last time. He further stated that with the new revenue options that this is an opportune time to move forward.

County Manager Don Adams quickly reviewed the scenarios of the Medicaid relief and the transfer tax over the next five years. He reminded everyone that these assumptions are based on unstable projections. He reviewed the costs of a \$5,000,000-\$6,000,000 loan with \$600,000 annual recurring costs, and a 15-20 year loan will be approximately 0.04¢ on the tax rate.

Dr. Cox stated that is better than the projections of 10¢-12¢ last time. He talked about differences in the tax rate now. He further talked about how the Board of Education has worked on reducing the costs.

Commissioner Doug Murphy stated these are the questions that the Commissioners are going to get.

County Manager Don Adams stated that the referendum issue is important to the Commissioners to know which plan is going to referendum because the Commissioners have been presented two different options; \$5,000,000 or \$9,000,000. He stated that the Commissioners have to have discussions about a middle school because that is a change in policy about how the school system is funded; 5-school system versus 4-school system. He talked about if the Board as a whole is in favor then a \$9,000,000 plan versus a \$6,000,000 plan will change the discussions. He reminded everyone that \$9,000,000 will max out the County's borrowing ability and limit the capacity for the next five years.

Faron Atwood talked about how hard they have worked in trying to create a plan that the county and the Commissioners can live with. He further talked about they have reduced the costs, worked hard to locate the QZAB funding in order to take those needs off of the plans.

Commissioner Milly Richardson left the meeting at 6:40pm.

Chair Ken Richardson suggested on the third Monday in October to have another joint meeting. He stated that if the Board of Education has made the decision about a middle school, then present it to the Commissioners and let the citizens decide on the issue and if the citizens

agree then the Commissioners have to decide how to fund it.

Clarence Crouse stated that the Board of Education needs to talk about the possibility of a referendum. He further stated they need to look at the figures to make sure they are accurate.

Mitch Franklin talked about having the workshop together. He further talked about the architect coming back with numbers of \$5,200,000, which includes the site and everything. He said that they have done a lot to make sure this is something that fits and is something the county can afford. He reiterated that they can work it out together.

Chair Ken Richardson explained the differences in the Commissioners workshop and Board of Education workshop.

Mitch Franklin, Faron Atwood and Commissioner Doug Murphy talked about the 7-8 grades versus 6-8 grades, which is the Board of Education's decision.

County Manager Don Adams stated that he brought the point up about 7-8 grades or 6-8 grades because the reduction in the number of students and the possibilities of the Board of Education coming back two years from now to ask for additional money for Glade Creek Elementary School because they are out of space.

Dr. Cox stated that they prefer 6-8 grades but if 7-8 grades are the only way to build a middle school, they would go with the 7-8 grades. He further stated that they need a number to work towards if the Commissioners support the concept.

Commissioner Doug Murphy asked if he understands that everyone is talking about \$5,000,000-\$6,000,000 and \$600,000.

Faron Atwood stated it isn't because the Board of Education needs to go back to talk about what plan they want to provide to the Commissioners.

County Manager Don Adams talked about repeating discussions previously held about how much money is enough.

Mitch Franklin stated that the Board of Education isn't looking at \$9,000,000 anymore because that was the reason to look at the new plan to make this project as cost efficient as possible.

Dr. Cox stated that he received the architect's call literally on the way to this meeting. He talked about the need to get back together and discuss what they want to give to the Commissioners. He asked is there continued support from the Commissioners to move forward with the middle school. He talked about at the last meeting all five Commissioners supported the middle school but funding was the dilemma.

Commissioner Doug Murphy stated that the Commissioners would still have to look at these numbers and look at the recommendations. He further stated that he supports the middle school but the Commissioners still have to look at the numbers.

Commissioner Warren Taylor talked about the Board of Education is going to meet and then the Commissioners will have more discussions and then both boards meet in a month.

Mitch Franklin asked regardless of the presented number/plan, the Commissioners are going to referendum.

The Board of Commissioners agreed.

Dr. Cox talked about using part of the transfer tax to go towards the middle school instead of the middle school being additional taxes. He stated that if a portion of the land transfer tax was applied to the schools, it would help on both referendums. He talked about conversations at the General Assembly with Medicaid relief and additional revenues to give some assistance to the public schools.

Chair Ken Richardson stated that the next joint meeting will be at 5:30pm on October 15.

The Board of Education thanked the Commissioners.

Being no further Board of Education's business, Betsy Dillon made a motion to adjourn the meeting at 6:50pm. Mitch Franklin seconded the motion. Vote 5:0.

Being no further Commissioners' business, Commissioner Doug Murphy made a motion to adjourn at 6:51pm. Commissioner Warren Taylor seconded the motion. Vote 5:0.

Respectfully Submitted,

Karen Evans
Clerk to the Board

Attest:

Ken Richardson
Chairman