

The Alleghany County Board of Commissioners met in special session on Thursday, October 29, 2009, at 5:00pm in the Board Meeting Room of the County Administration Building, 348 South Main Street, Sparta, North Carolina. The purpose of this meeting is to discuss QSCB funding.

Present: Chair Ken Richardson, Vice-Chair Randy Miller, Commissioner Doug Murphy, Commissioner Steve Roten, County Attorney Donna Shumate, County Manager Don Adams and Clerk to the Board Karen Evans. Commissioner Milly Richardson was absent.

Chair Ken Richardson called the meeting to order.

County Manager Don Adams updated the Board about his search for a bank for QSCB and late last week found out that BB&T is willing to participate in the QSCB program. He talked about the Local Government Commission will work with us on this timeframe. He explained that BB&T will require an interest rate of 2.5%, which is still cheaper than the normal rate. He further explained that there has been one QSCB closed before now, Buncombe County, and the reasons why that route isn't available to Alleghany County. He said that the Board can wait or try to proceed. He further said that BB&T is only in the market until December 31, 2009.

Commissioner Doug Murphy and County Manager Don Adams talked about the IRS rules haven't been released as far as the County Manager knows.

County Manager Don Adams explained that he has talked to a larger bank that potentially January 1 may or may not be interested in QSCB. He talked about it is a risk either way. He further talked about the timeline once the Board approves of the project now or after the first of the year. He asked does the County wait until January to find another bank or move forward now.

Chair Ken Richardson talked about the NCACC hasn't even heard what the County Manager is telling the Commissioners right now. He explained both sides of the decision whether the Board proceeds or waits.

Commissioner Doug Murphy reiterated that BB&T is stating that they are committed until December 31, 2009. He asked what happens after that. The County Manager stated he doesn't know and explained his conversations with Louis Lloyd at BB&T.

County Manager Don Adams stated that the 2.5% is the high rate, rates change daily and there is the potential that it could go down.

County Manager reviewed the information for the QSCB including closing costs of \$25,000 and 2.5% interest rate through BB&T. He further reviewed the numbers for the QSCB allocated amount of \$3,339,586 at a 4.5% interest rate then at a 2.5% interest rate showing a difference of \$534,333. He explained the timeline of the public hearing on November 16 and sending the application to the Local Government Commission next week.

Commissioner Randy Miller asked if the County proceeds then finds another bank with a lower rate could the County redo the loans.

County Manager Don Adams stated he doesn't know because he will have to look at the prepayment penalties associated with the loan.

Commissioner Randy Miller asked where the Board is going to come up with this money. He said that he knows that this needs to be done but what if the economy gets worse.

Commissioner Doug Murphy asked about debt reduction over the next two years. He said that the Board has to look at that when looking for additional revenues.

County Manager Don Adams reminded the Board that DPI has formally stated that these QSCB funds can be rolled over to the next year. He informed the Board

about there is potential for an additional amount to be added to this amount next year.

Chair Ken Richardson talked about this is about not necessarily needing more money but getting this money at the best rate.

County Manager Don Adams stated that he is looking for direction from the Board.

Chair Ken Richardson talked about one thing to consider tonight is to commit to the water/sewer because that project has come too far not to proceed and time is of essence.

Commissioner Doug Murphy and Commissioner Randy Miller talked about the water/sewer has to get done regardless of the expansion.

County Manager Don Adams informed the Board that the debt reduction between 2009/10 to 2010/11 is \$235,674 then 2010/11 to 2011/12 is \$340,517.

Chair Ken Richardson asked does anyone have any strong feelings to not proceed with the water/sewer and move forward with the closing on the land and drawing up papers with Cliff and Bobbie. He reiterated the need for some direction on the construction.

Commissioner Randy Miller stated that he would like for the County Manager to check on the question of prepayment penalties because the Board shouldn't close the door on a cheaper interest rate.

Commissioner Steve Roten asked about the possibility of BB&T waiving the closing costs. He stated that 2.5% isn't that great of a rate.

Commissioner Doug Murphy asked can the County talk to them about adjusting their closing costs.

County Manager Don Adams said he will ask. He further said that he will check on Commissioner Miller's question about can the County redo the loan under QSCB laws and prepayment penalties. He reminded the Board if we are proceeding, the public hearing ad must be sent to the newspaper before the Monday night meeting. He talked about the timing of this including the Local Government Commission meets the first Tuesday in December and it will take two weeks to get this to them.

Chair Ken Richardson and County Attorney Donna Shumate talked about the County can back away from this as long as nothing is signed up to a point.

County Manager Don Adams talked about the public hearing would commit to certain things. He explained the resolutions that will come before the Board after the public hearing. He said that he does ask the Board to not instruct him to file the Local Government Commission application then back away.

Chair Ken Richardson, Commissioner Steve Roten and County Manager Don Adams talked about an installation purchase would be around 4.5% as of last week. They talked about the tax credits and how it affects the banks.

Chair Ken Richardson asked the Board whether to advertise for the public hearing or not.

Commissioner Steve Roten and Commissioner Doug Murphy stated no problem.

Chair Ken Richardson stated that he is hearing from the Board tonight to proceed with the public hearing then bring more information Monday night.

County Manager Don Adams agreed and stated that Monday night the Board will have to make a decision. He said he will research the questions raised at this meeting.

Chair Ken Richardson asked if there is a commitment with any or all that the County needs to move on with the construction at Glade Creek Elementary School.

The Board agreed.

Chair Ken Richardson asked if the interest rate is the only question.

The Board agreed.

County Manager Don Adams talked about the scope of the project and bringing the committee back together to discuss that. He stated that as long as he can get in contact with Louis Lloyd, he will have the answers to the questions Monday night.

Chair Ken Richardson asked Commissioner Steve Roten to see if he has a contact to find out about the interest rate. He talked about the 4.5% rate. He asked Commissioner Roten to run those numbers by someone to find out if the 2.5% is a good rate at this time.

Commissioner Steve Roten stated that is a good rate but he doesn't understand why they can have closing costs plus interest for the program.

County Manager Don Adams talked about QZAB closing costs and regular loan closing costs.

Commissioner Steve Roten and County Manager Don Adams discussed working with the BB&T local government branch.

Commissioner Randy Miller asked if the County Manager has talked to any other local banks.

County Manager Don Adams explained that he spoke to a couple of banks, asked about the 0% loan and haven't heard back. He further explained that he always ask local banks about regular loans.

Commissioner Steve Roten and Commissioner Doug Murphy talked about the federal government and the stimulus monies.

Chair Ken Richardson reiterated that the Board accomplished the decision to hold a public hearing and proceed on the water/sewer. He stated the County Manager may have more information Monday night. He thanked the Board for coming tonight.

Being no further business, Commissioner Doug Murphy made a motion to adjourn the meeting at 5:50pm. Commissioner Randy Miller seconded the motion. Vote 4:0.

Respectfully Submitted,

Karen Evans
Clerk to the Board

Attest:

Ken Richardson
Chairman