

January 17, 2006

The Board of Commissioners of Franklin County, North Carolina, met in Regular Session at 7:00 P.M. in the Commissioner's Meeting Room located in the County Administration Building with the following Commissioners present: Chairman Sidney E. Dunston, Vice-Chairman Lynwood D. Buffaloe, Commissioners Harry L. Foy, Jr., Raymond A. Stone, Robert L. Swanson, Jimmie R. Gupton, and Donald C. Lancaster.

Chairman Dunston called the meeting to order and presented several changes to the agenda including a resolution from the Town of Franklinton NC STEP Demonstration Program from the N.C. Rural Center. He also asked the Board to consider eliminating Item 7 from the agenda due to correspondence with the county's attorney and attorneys of the Epsom property and to add an item to discuss long term possibilities for the Franklin County airport.

Upon a motion to approve changes to the agenda by Commissioner Stone, seconded by Commissioner Buffaloe, with all present voting "AYE", the motion duly carried.

1. CONSENT AGENDA

Upon motion by Commissioner Lancaster, seconded by Commissioner Gupton, with all present voting "AYE", duly carried approval of the following consent agenda items:

- A. Approval of minutes of meeting held on January 3, 2006.
- B. Approval of Tax Collection Report for the period December 1, 2005 through December 31, 2005.
- C. Approval of Tax Releases and Refunds for the period December 1, 2005 through December 31, 2005.
- D. Approval of a resolution submitted by the Town of Franklinton for the NC STEP Demonstration Program.

2. COMMENTS FROM THE PUBLIC

No comments.

3. PUBLIC HEARINGS

Proper notice having been given and the Board having received the information, a public hearing was held to receive comments on each of the following:

- A. Map Amendment: Denmark Construction Inc., 14 Acres, NC 96 Highway West, Youngsville Township, Mixed Use (MU) to R-8 Residential.

Planning Director Pat Young stated the Planning Board, by a majority vote, recommended denial of the rezoning request and said findings of fact recommended by the Planning Board are provided in the agenda packet. He said a number of residents who live near the property attended the Planning Board meeting to express concerns with drainage problems. As a result, Planning staff decided that as a part of their review process, they would require the petitioner and developer mitigate and address storm water concerns subsequent to any development. He stated five members of the Planning Board voted against the request due to concerns with the quantity of drainage. Mr. Young stated those issues would be addressed when the petitioner requested a permit.

Chairman Dunston declared the public hearing open at approximately 7:15 P.M.

Laura Winston, 145 Ridgewood Road

- Ms. Winston stated she was one who spoke in opposition to the rezoning request at the Planning Board meeting citing drainage concerns. She said she has livestock that rely on a stream that runs through the property and fears that chemicals and fertilizers will damage the stream for the animals. She also commented on concerns with traffic in the area.

David Miller, 145 Ridgewood Road

- Mr. Miller commented on concerns with erosion and the fact the property is located in the Neuse watershed.

Matthew Winslow, 416 U.S. Highway 1

- Mr. Winslow is the Acquisition Development Manager for DenMark Construction. Winslow said 536 homes are planned, with entrances on Long Mill Road, Highway 96 and possibly a third entrance that is located near an s-curve. Winslow stated regulations would have to be met with NCDOT to approve the site and if the entrance is too dangerous an alternate site would have to be found. In response to concerns with drainage, Winslow commented that approval would have to be granted by several regulatory agencies including the Division of Water Quality and the Division of Land Resources. He also mentioned that regulations would have to be met concerning wetlands and storm water issues.

Mike Crowley

- Mr. Crowley spoke on behalf of Crowley and Associates, the engineers hired by DenMark Construction to assist with the design of the subdivision. Crowley said it's important to take all possible measures to study and identify the problems mentioned by homeowners in the area and to help them solve those problems, all the while not contributing to them.

Jim Lenore, 149 Ridgewood Road

- Mr. Lenore lives next door to the property in question and he too stated his concerns with traffic. He said a number of roll-over accidents have occurred in the area and would like to see more research done before a decision is made.

Chairman Dunston closed the public hearing at approximately 7:41 P.M.

Upon a motion by Commissioner Foy to approve the map amendment, seconded by Commissioner Stone, with all present voting "AYE", duly carried.

B. Community Development Block Grant (CDBG) 2006 Industrial Shell Building Loan Program

The CDBG 2006 Industrial Shell Building Loan Program funds are intended to provide funds to local governments to develop viable communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income through support for construction of an industrial shell building that will provide employment opportunities for persons of low-and moderate income.

A second Public Hearing will be held by the Board of Commissioners prior to implementation of an approved grant application as reviewed and accepted by the North Carolina Department of

Commerce, Commerce Finance Center.

Mr. Rick Seekins, Executive Director, Kerr-Tar Regional Council of Governments, addressed the Board stating tonight's action is the first of three public hearings on this topic.

Mr. Seekins stated the site being considered is located along U.S. #1 behind Diazit, located in the Hub site and already certified by the state. He said \$750,000 is the amount to be loaned with a 2% simple interest loan, requiring a 100% local match which Seekins said can come in a variety of ways including grants, loans or other revenues rather than using tax money.

Mr. Seekins commented the first public hearing will be informational. The second hearing will include the components of the application and the third will be held after completion to let the Board and citizens know of the successes of the project.

Commissioner Foy asked for more details on funding the local match to which Franklin County's Economic Development Director Ronnie Goswick stated the county has a commitment from the Department of Commerce Finance Center for \$400,000 with a 2% interest loan. He also stated that a one million dollar commitment has been made from Wake Electric with a 0% interest loan.

At approximately 7:53 P.M., Chairman Dunston opened and closed the public hearing with no comments from the public.

4. RETIREMENT RECOGNITION

The Board recognized Sandra Wood who retired December 31, 2005 after 35 years of service to the Franklin County Health Department. Mrs. Wood stated that even though she is retired she will continue to be a positive spokesperson for public health and what it does for the community.

Commissioner Foy is Chairman of the Board of Health. He personally thanked Mrs. Wood for her service.

5. COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Mr. Thomas Parker of Holden, Moss, Knott, Clark, Copley & Hoyle, P.A. addressed the Board and stated the county's budgetary information is up to date and stated no problems with compliance were discovered.

Mr. Charles Murray, Finance Director, presented the Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2005 with a PowerPoint presentation as follows:

Performance of the County

1. (Page 11) **Auditor's Opinion** – The County's financial statements present fairly, in all respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.
2. (Page 112) **Internal Control Over Financial Reporting** - Auditors found no matters involving the internal control over financial reporting and its operation that they

considered to be a material weakness.

3. (Page 112) **Compliance and Other Matters** – Auditors performed tests on the County’s compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. The results disclosed no instances of noncompliance.
4. **Management Letter** – Comments and suggestions the auditor feels would enhance the County’s internal control over the operating system.

Franklin County Financial Summary – All Governmental Funds (page 25)

Expenditures:

Gen. Govt.	\$4,411,047
Pub. Safety	10,909,475
Economic & Phsy. Dev.	5,598,734
Human Services	16,292,325
Cultural & Recrea.	1,015,483
Education	11,202,659
Capital	445,671
Debt	4,011,456
Total	\$53,886,850

Revenues:

Prop. Taxes	\$27,608,437
Sales tax	9,434,955
Other Taxes & E-911 Fees	264,775
Intergov.	7,848,988
Fees	1,528,965
Sales & Serv.	7,528,753
Invest. Earn.	480,463
Misc. Rev.	425,026
Total	\$55,120,362

Other Financing Sources:

Sale of Capital Assets	\$35,150
Proceeds From Long Term Debt	3,150,000
Transfers in and (out) – (net)	(1,341,117)
Proceeds and Pmts refunding debt (net)	<u>(36,950)</u>
Total of Other Financing Sources	\$1,807,083
<i>Net Change to Fund Balance (all funds)</i>	<i>\$3,040,595</i>

Franklin County Fund Balance Summary

	<u>General Fund</u>	<u>Other Govt. Funds</u>	<u>Total Fund Bal.</u>
• At 7/1/04	\$13,698,778	\$4,781,368	\$18,480,146

• FY Changes	3,723,297	(682,702)	3,040,595
• Fund Bal 6/30/05	\$17,422,075	\$4,098,666	\$21,520,741
• <i>Percent to Budget</i>	32.0%		
• Undesignated FC	\$12,870,944		
• <u>Percent to Budget</u>	23.7%		

Property Tax Collection Information “General Fund”

- Total Tax Levy for the fiscal year was \$25,667,255.
- The County collected \$24,831,503 or 96.74%, an increase from the 96.06% last year.
- The amount uncollected was \$835,752.
- The total collected for all years was \$25,764,849.
- Total remaining to be collected for 10 years outstanding is \$1,780,371.

Water and Sewer Fund Summary For F.Y.E. June 30th, 2005

- Total Sales for water were: \$2,928,721
- Total Sales for sewer were: \$874,369
- Fees, Charges, and & Other were: \$424,667
- Transfer from General Fund: \$1,341,116
- Total Revenues and Transfers: \$5,568,873
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- Water Purchases were: \$2,102,124
- Debt Service payments were: 1,674,129
- Operating and Capital expenses: 1,210,875
- Total Expenditures were: \$4,987,128
- Revenues over Expenditures: \$619,186
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- Depreciation on system: 740,087

Composition of the report:

1. Section 1 - **Letter of Transmittal** (page 1) - Addressed to the Board of Commissioners and the Citizens of Franklin County; written by the County Manager and the Finance Director, provides a profile of the county, major initiatives of the county, current economic condition and outlook of the county, talks about the Single Audit Process, cash management and risk management activities, pension and other post employment benefits, and awards and other information.
2. Section 2 - **Financial Section** (page 11) - Contains the Independent Auditor’s Report; the MDA (Management’s Discussion and Analysis) which discusses the Financial Highlights for the year, an overview of the financial statements, budgetary highlights, Capital assets and Debt Administration, economic factors and budget highlights for the current fiscal year; and financial exhibits and statements regarding the County’s well being.
3. Section 3 - **Notes to the Financial Statements** (Page 33)- Provides descriptive information about the county’s financial condition and additional information related to every day business of the county.

4. Section 4 - **Combining and Individual Schedules of General and other Governmental Funds** (page 65) – Provides a schedule of revenues, expenditures and changes in fund balance for all governmental funds. Compares Budget to Actual.

5. Section 5 – **Enterprise Funds** (page 86) – Provides financial statements and notes regarding the County’s Water and Sewer Fund.

6. Section 6 – **Statistical Information** (page 97) Comparative financial and statistical information over the past ten years.

7. Section 7 – **Compliance Information** (page 112) - Provides auditor’s opinions and comments regarding the County’s compliance to federal and state awards and programs and a report on internal control over financial reporting.

Upon motion by Vice-Chairman Buffaloe to accept the report, seconded by Commissioner Swanson, with all present voting “AYE”, duly carried.

6. BOARD OF ELECTIONS VOTING EQUIPMENT

Mr. Billy Craft, Elections Director, presented the Board of Election’s recommendation on the proposed voting equipment, following a public demonstration of the proposed equipment held January 9, 2006. He said the state has not signed a contract for final prices, but stated the Franklin County Elections Board has selected 28 scanners and 22 AutoMark ballot markers. With federal and state funds, Craft stated \$35,000 would be needed to purchase the new voting equipment required by state law.

Upon motion by Vice-Chairman Buffaloe to authorize the Board of Elections Director, County Manager, Board of Commissioners Chairman and Chairman of the Board of Elections to decide on voting equipment, seconded by Commissioner Stone, with all present voting “AYE”, duly carried.

7. OLD EPSOM SCHOOL PROPERTY

This item was stricken from the agenda.

8. BID AWARD FOR SID MITCHELL ROAD WATER LINE EXTENSION

Separate sealed bids for the Sid Mitchell Road 12” water line extension were received and opened on Tuesday, December 6, 2005. The bids were solicited using a formal process. Eight bids were received with T.A. Loving Company of Goldsboro, NC submitting the low bid of \$614,462. Franklin County Public Utilities Director, Bryce Mendenhall, recommended awarding the project to T.A. Loving Company for the amount of \$614,462.

Commissioner Foy asked if future growth would be able to tap onto the water line and Mr. Mendenhall stated “yes” that would be possible.

Upon motion by Commissioner Lancaster to award the bid to T.A. Loving Company for the amount of \$614,462 for the Sid Mitchell Road Water Line Project, seconded by Commissioner Gupton, with all present voting “AYE”, duly carried.

9. SCHOOL BONDS

The board committed to finding funds to build a new high school to serve the Franklinton and Youngsville areas. As such, the county must file an application for bonds to the Local Government Commission. In addition, the board must determine if the bonds will be voted on during the May primary or during the November general election. Bond calendars with stated action were included in the agenda packet for the board's review.

The School Board met Monday, January 9th and adopted a resolution requesting the Board of Commissioners consider \$45 million dollars in school construction cost to meet adequate school facilities.

Franklin County Schools' Superintendent Dr. Bert L'Homme was asked how the school board arrived at the \$45 million dollar request. Dr. L'Homme stated the \$35 million dollar figure for a new high school was based on a formula by the North Carolina Department of Public Instruction. He stated the architect also examined the needs of the school, arriving at a similar cost as well. He then commented on the 2004 bond which fell short of the needs originally requested. He said the money left over was only enough to buy three-quarters of an elementary school to possibly be located west of U.S. #1. Dr. L'Homme stated the entire school could be built with an extra \$5 million dollars. Prices have skyrocketed for various materials to build an auditorium at Bunn High School and career and technical education building at Louisburg High School since the original estimates in 2001. He stated \$45 million dollars would allow for completion of the projects determined in 2004. When asked about the school board's intentions to purchase land for a new high school in Franklinton, Dr. L'Homme stated they were in current negotiations concerning three different parcels and were closer to identifying a new property.

Commissioner Stone stated the public should be kept informed of the future use of the old Franklinton High School. At this point, a purpose for the building has not been determined.

Upon a motion by Vice-Chairman Buffaloe to move forward with the bond referendum for the calendar dated May 2nd in the amount of up to \$45 million dollars as presented by the school board, seconded by Commissioner Lancaster, with all present voting "AYE", duly carried.

10. APPOINTMENTS

A. Adult Care Home Community Advisory Committee

Ms. Kimberly Hawkins, Regional Ombudsman, Kerr-Tar Regional Council of Governments, has requested the Board reappoint Ms. Diane Dozier and Ms. Mattie Grey to the Adult Care Home Community Advisory Committee. The terms are for three-years, retroactive from April 2005 through April, 2008.

Also, Ms. Hawkins has requested the Board appoint Ms. Rosa Robinson, Ms. Mary Murphy, Ms. Ann Ryan, and Ms. Melissa Day to the Adult Care Home Community Advisory Committee. The terms are for one-year, January, 2006 through January, 2007.

Upon motion by Commissioner Foy to approve the reappointment of Ms. Dozier and Ms. Grey to the Adult Care Home Community Advisory Committee for three-year terms, seconded by Commissioner Gupton, with all present voting "AYE", the motion duly carried.

Upon a motion by Commissioner Stone to amend the original motion to include Ms. Robinson, Ms. Murphy, Ms. Ryan and Ms. Day, seconded by Gupton, with all present voting "AYE", duly carried.

B. Nursing Home Community Advisory Committee

Ms. Kimberly Hawkins, Regional Ombudsman, Kerr-Tar Regional Council of Governments, has requested the Board reappoint Ms. Susie Perdue and Ms. Mary Yarbrough to the Nursing Home Community Advisory Committee. The terms are for three-years, retroactive from July, 2004 through June, 2007.

Upon motion by Commissioner Stone to reappoint Ms. Perdue and Ms. Yarbrough to the Nursing Home Community Advisory Committee for three-year terms, seconded by Commissioner Gupton, with all present voting "AYE", duly carried.

C. Industrial Facilities and Pollution Control Financing Authority

Mr. Wesley Berry has resigned from the Industrial Facilities and Pollution Control Financing Authority due to relocating to Elizabeth City.

Mr. Ronnie Goswick, Economic Development Director, has requested the Board appoint someone to fill his term, which will expire September, 2009.

Also, Mr. Goswick has requested the Board appoint a second person to complete the make up of the seven member board and stagger the terms of the seven members to reflect two rotating off in two years' three rotating off in four years, and three rotating off in six years.

The current members are Mr. Jimmy Cottrell, Mr. Ray Hodges Mr. J.W. Weathers, Mr. Joel Callihan and Mr. Mike Leonard.

Upon motion by Commissioner Buffaloe to table the appointments thirty days or until the next Board meeting and to come back with names of nominees, seconded by Commissioner Lancaster, with all present voting "AYE", duly carried.

10A. REPORT FROM AIRPORT COMMISSION

Economic Development Director Ronnie Goswick presented a TIP proposal the Airport Commission approved at their last board meeting outlining capital improvements for the airport over the next seven years. Goswick said \$11,790,000 would provide for an extension of the roadway, relocation of the highway going to the airport to facilitate additional hangars as well as additional needs deemed appropriate by the Airport Commission. Goswick says the Board of Commissioners would finance ten percent over the next seven years through funds generated at the airport or through fund balance. He then stated the Board would only be required to provide matching funds if money is received by the federal government and the Department of Transportation.

Upon motion by Commissioner Gupton to accept the proposal, seconded by Commissioner Swanson, with all present voting "AYE", duly carried.

11. BOARD, MANAGER, AND CLERK'S COMMENTS

Commissioner Foy – No report.

Commissioner Stone – Commissioner Stone commented on a meeting today hosted by local legislators concerning several topics of interest to Franklin County. One of those topics discussed pertained to Medicaid. Commissioner Stone said he will be attending a group meeting soon on state and county finance. He said a report of their recommendations is expected in early February. He also attended the state and county commissioners association meeting that focused on financing public schools in the state.

Commissioner Buffaloe – Commissioner Buffaloe also participated in the meeting today which also addressed the dangers of methamphetamine labs. He then informed the Board of a CAMPO meeting scheduled for tomorrow.

Commissioner Swanson – No report.

Commissioner Gupton – Commissioner Gupton gave an update on the Kerr-Tar Workforce Development Board and stated K.A.R.T.S. had hired 522 people.

Commissioner Lancaster – No report.

Commissioner Dunston – Commissioner Dunston also attended the meeting today and commented on education and what this region can look forward to in the future. Additionally, he attended a 100th Birthday party for Mary Perry in Franklinton on behalf of the county.

Commissioner Swanson asked the Board to remember longtime Franklin County citizen and Franklin County School Board member Warren Massenburg in prayer. He recently lost his leg as the result of a tractor accident.

Clerk to the Board – Ms. Kathy Moore mentioned an invitation to Franklin County Chamber of Commerce annual banquet, scheduled for Friday, January 27, 2006 at the Hudson Manor. She also reminded the Board of the upcoming Highway 401 citizen's forum at the Cooperative Extension Service Building on Thursday, January 19, 2006 from 7-9pm.

County Manager - Mr. Chris Coudriet mentioned the Board's Planning Session had been rescheduled for Friday, January 27, 2006 from 12:00-6:00P.M. rather than 3:00-8:00P.M. due to a conflict with the Chamber's annual banquet. The retreat will be held at the Cedar Cross Retreat Center. The Manager said he hopes to come away with a Legislative agenda for the short session in May and recommendations to help begin crafting the budget. Mr. Coudriet also gave a status report on Animal control and mentioned quarterly reviews planned for January 24 and 26, 2006. Lastly, he mentioned a National Association of Counties meeting that would conflict with the Board first meeting in March.

12. CLOSED SESSION

Chairman Dunston stated pursuant to General Statute 143-318.11 (a) (5), a Closed Session was held in order for the Board to establish, or to instruct the public body's staff or negotiating agents concerning the position to be taken by or on behalf of the public body in negotiating (i) the price and other material terms of a contract or proposed contract for the acquisition or real

property by purchase, option, exchange, or lease.

Also, pursuant to General Statute 143-318.11 (a) (6), a Closed Session was held in order for the Board to discuss a personnel matter.

Added to the agenda, pursuant to General Statute 143-318.11 (a) (3), a Closed Session was held in order for the Board to consult with the county attorney on pending litigation in the matter of Citizens Bank vs. Jerry Jones and others.

Upon motion by Commissioner Swanson to go into closed session, seconded by Commissioner Gupton, the motion carried 6 to 1, with Commissioner Foy voting "NO".

At approximately 10:39 P.M., upon motion by Commissioner Swanson to return to open session, seconded by Commissioner Buffaloe, with all present voting "AYE", the motion duly carried.

Upon motion by Commissioner Gupton to direct the county attorney to dismiss the cross claim against Sheriff Jerry Jones in light of a settlement of all other actions regarding Citizens Bank, Netstar and Ben Barrick, seconded by Commissioner Stone, with all present voting "AYE", the motion duly carried.

At approximately 10:40 P.M., upon motion by Commissioner Buffaloe to recess the meeting until Monday, January 23, 2006 at 5:00P.M., seconded by Commissioner Gupton, with all present voting "AYE", the motion duly carried.

Sidney E. Dunston, Chairman

Chris Coudriet, Interim Clerk to the Board