

**Camden County Board of Commissioners
Camden County Board of Education
Joint Meeting
December 7, 2020; 11:45 AM
Camden County Middle School Auditorium**

Call to Order

A joint meeting of the Camden County Board of Commissioners and Camden County Board of Education was called to order by the respective Chairmen at 11:45 AM in the auditorium of Camden Middle School. The primary purpose of the meeting was to receive project updates and discuss plans for the new high school.

Board Members Present

Board of Commissioners: Chairman Tom White, Vice Chairman Ross Munro, Commissioners Clayton Riggs, Randy Krainiak, and Tiffney White.

Camden County Board of Education: Chairman Christian Overton, Vice Chairman Jason Banks, Board Members Kevin Heath and Chris Purcell. Board Member Sissy Aydlett was absent.

Consideration of the Agenda

Camden County Board of Commissioners – A motion was offered by Commissioner Krainiak to approve the agenda as presented. The motion carried unanimously with five members voting aye and no member voting no.

Camden County Board of Education - A motion was offered by Chris Purcell and seconded by Jason Banks to approve the agenda as presented. The motion carried unanimously with four members voting aye and no member voting no and one member absent.

Presentations

1. County Manager Ken Bowman

2020-2021 Budget

- Strive to maintain the same budget projections adopted in 2019-2020.
- No tax increase.
- Staff 2% COLA.
- Continue to minimize the financial impact of county operations on its citizens through mindful budgeting and frugal expenditures.
- Fund capital goals as indicated in the Capital Improvement Plan.

Camden Commerce Park Upgrades

- Albemarle Electric – Installation of 3-phase power along Opportunity Drive and six security lights at a cost of \$82,125.18
- Eastern Carolina Engineering - Prepared RFP for bids to place drainage pipes and construct 300-foot gravel road into property identified on right side of main entrance.
- There are currently two bids in to extend the main road to Lot 14, where Southeastern Equipment will be located. There are also bids in to spread out the topsoil (berm) that needs to be removed.
- The logging on Mr. Fink’s property has been completed and paving will be completed to the property when the contractor starts work on the road extension to Lot 14.
- Design of a new market brochure.

Southeastern Equipment

- Property is 16+ acres (lot 14) at the rear of Commerce Park.

- The sales agreement has been reviewed by the attorneys and a closing date is being established before the end of this year.

Mangum Transportation

- Mangum has leased 10 acres from the County with an intent to purchase within the next 36 months.
- Placed a new sign with their company name of the righthand side as you drive into Commerce Park.
- The stormwater plan has been drafted by Mangum's engineers and is in the review phase by County Staff.

Library

- The final design for the library with Boomerang Design of Raleigh, NC is almost complete.
- Funding has been approved at \$3.6M and financing is being coordinated by the County Financial Consultant, First Tryon, in Charlotte.
- Target date for completion is September 2021.

Medical Building

- The County has received a contract for the purchase of the former Medical Building.
- This will be placed on the January 2021 Board of Commissioners meeting agenda for a Public Hearing.

CARES Funding

- County allocated a total of \$630K. To date, approximately \$460K has been distributed.
- Staff is currently working on facility upgrades, improved technology, radios/pagers for Sheriff and Fire Departments and PPE supplies.
- Approximately \$160K went to small businesses.
- Camden County Schools received \$50K.
- Emergency Management received \$15K.

Eastern Shore Communications (Broadband)

- Materials on site for the construction of the fiber from Shipyard Road to the north water tower located at 694 US 343.
- Raised platforms have been constructed at the water tower for the installation of the backup generator.
- Tankcare is working on the antenna construction for the water tower which will be welded to the tower.
- The company has agreements with many of the owners of the grain elevators along 343 for installation of our fixed wireless equipment.

New High School

- Facility study completed by M.B. Kahn and information was shared with the Board of Commissioners and Board of Education.
- School has received \$12.3M grant.
- Bond referendum passed November 3, 2020.

2. Superintendent Dr. Joe Ferrell

The focus of my presentation is narrower but as a reminder Ken mentioned the budget season for the 2020-21 SY and we are about to go into that again for the 2021-22 SY but as a reminder, focusing on capital, we always reach out to our schools and ask for their capital needs. We typically get things like radio replacements and repairs, general painting, gym floor maintenance is always something needed, HVAC, drainage issues on playgrounds, roofing issues, etc. We also get some special request like kindergarten teachers may need cabinets built in their classrooms or they are trying to do some smart TV project on a hallway or something like that, so we take all of those things into consideration and put together a capital request. As a reminder to both boards, this is something that changes every year and depends on what the needs are. Sometimes it is higher and sometimes it is lower. Last year, we had approximately \$600,000 of requests and you were gracious enough to give us \$405,000 of our requests. What we do then is we go back and prioritize which of those things need to be done most critically. And those things that we can't get to in a school year because of a difference in funding, we will move to a priority list for the following year and so ultimately all of those projects eventually get completed.

A couple of things that are extremely important I think to mention this year that have already been taken care of, we are already working on the upgrades at CECHS and those upgrades include adding student restrooms inside the facility and also enclosing those breezeway type setups between each building so that when anyone enters at the front of the school near the front office there is a long hallway through all of the buildings keeping someone we do not want inside the building from just walking up to one of those breezeway type areas and just walking inside the building. They do have fire exits or emergency exit doors there with a push bar so students can go out through the doors if there is an emergency but they cannot come back in those doors because they close and lock. The \$90,000 that you included for chrome book specific upgrades, some of that has been completed this year and some has not and that is simply a supply issue. But those things will be completed before the end of the year.

Obviously, Mr. Bowman just mentioned that of the County's CARES Act funding, the schools were given \$50,000. That money went directly to each school. \$10,000 was given to each school for the purpose of connectivity and buying student devices. So we are very grateful for that. We were able to use that plus some of the CARES Act funding that the school system received directly to give each school around \$20,000 to increase the number of student devices which now because of COVID is more critical than ever.

Some things that remain to be done on the list because we are just getting to the half way part of the school year, one of the most critical things is fire alarm system upgrades that will be done prior to the end of the school year.

With that, I will ask Larry Lawrence if there is anything he would like to add.

Mr. Lawrence thanked the Commissioners for what they do to help keep our schools the best that they can be. Dr. Ferrell agreed.

Dr. Ferrell continued. *Visitors talk about the great job that this county has done with maintaining our current facilities. People are often amazed at how great our schools look so thank you to the Boards for that and thank you to Larry and his staff as well. Of course, the big capital project that I suppose is on everyone's mind right now is the new high school project. Ken has already given you an update or reminder of how all of that played out. As he said, on November 3rd, the bond referendum did pass with 4,147 yes votes to 1,530 no votes so that brings us to where we are today.*

Dr. Ferrell asked if there were any questions for him. There were no questions. He then turned the meeting over to Rick Ott to discuss the new high school project.

3. Rick Ott, MB Kahn and Ashley Dennis, Moseley Architects and Associates

Project History

- Completed facility study in September 2019 – Replacing the high school is the most efficient and cost-effective solution for growing enrollment and will benefit every school in the district.
- The district spent more than 11 months developing an educational program.
- Existing Camden County High School – Enrollment approximately 600 students; facility size approximately 81,500 square feet.
New High School & Early College – Enrollment 600 students; 800 Core; total facility size is 128,050 square feet.

Multiple Reductions

- Initial Proposed – 159,445 square feet
- First Reduction – 140,585 square feet
- Second Reduction – 130,263 square feet
- Third Reduction – 128,050 square feet
Total Reductions to date – 31,395 square feet (20%)

Reductions Included

- | | |
|--------------------------------|-----------------------------------|
| • Classroom Sizes | • Science Labs |
| • Auditorium | • Choral Room |
| • Extended Instructional Areas | • Band Room |
| • Reception Area | • Technology Rooms |
| • Administrative Offices | • Media Center |
| • Records Area | • Studio/Media Production |
| • Conference Rooms | • Gymnasium / Auxiliary Gymnasium |
| • Storage | • Locked Areas |
| • Health Clinic | • Kitchen |

Current Budget

- Building Cost - \$31,932,876
- Site Development - \$4,000,000
- Athletics Allowance - \$2,500,000
- Add Alternate Auxiliary Gymnasium - \$2,050,000
- Engineering/Architect Fees (Portion of Technical Fees - \$2,488,724
- Bond Counsel Fees - \$100,000
- Other Legal/Fiscal Fees - \$100,000
- Administrative (Portion of Technical Fees) - \$387,700
- Contingency - \$778,100
- Other (Furnishings & Technology Allowance) - \$950,000
Total Projected Cost - \$45,287,400
Off-Site Improvements (reimbursable by DOT) - \$840,000

Project Financing Plan

- Approved Funding - \$45,287,400
 - Successful 2020 Bond Referendum - \$33,000,000
 - Financial Models Considers 30-Year USDA Loan
- Needs-Based Public School Capital Fund
 - \$12,287,400
- Other Potential State Initiatives

Financing Requirements

- NBPSCF Grant
 - Execution of Agreement
 - Prepare Required Reporting
 - Meet all state design and review standards

- USDA Rural Development
 - 40-year maximum term allowed – financial models use 30-year term
 - \$100,000,000 maximum loan guarantee allowed through third-party lender
 - Immediate coordination recommended
 - Historic low interest rates
 - Requires Construction Loan before permanent financing
- State Grant funds will be drawn down first along with \$ match.

Project Overview

- Program to support 600 students / 800 core capacity
- Main entrance off of Highway 343
- Three academic pods clustered around collaborative extended learning areas that open directly to the exterior
- Space for future expansion will be incorporated into the design
- Athletic fields and student parking to the rear of the site
- School site will serve as a County Emergency Shelter
- Review of Preliminary Site Plan and Preliminary Floor Plan
- Review of Cash Flow

Design Meeting / Milestones

- The team will conduct a series of meetings and adjacency workshops in December and January with administrators, teachers, and students.
- Schematic Design – January 2021
- Design Development – April 2021
- Early Site Package – April 2021
- Groundbreaking – May 2021
- Construction Documents – August 2021
- Final Design Approval – September 2021

Review of Management Schedule

Next Steps

- Complete preliminary site investigation
- Confirm funding approach
- Conduct design meetings with stakeholders
- Continue schematic design
- Owner approval at each phase of design

4. David Cheatwood, First Tryon Advisors (via video call)



DAVID CHEATWOOD, Managing Director
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Discussion Materials

Camden County, North Carolina

December 7, 2020

Background

- Camden County (the "County") and Camden County Schools (the "School District") are evaluating the potential funding of a new high school and early college at an estimated cost of approximately \$45.3 million.
- The County / School District have received grants from the State of approximately \$12.3 leaving a balance of \$33 million to be funded with debt.
- In November 2020, voters approved the issuance of up to \$33 million of General Obligation Bonds to fund this need.
 - General Obligation Bonds require the pledge of the full faith, credit and taxing power of the County.
- The County has the ability to issue these General Obligation Bonds in one of three different markets:
 - "Public" market
 - "Bank" market
 - USDA
- Based on the County's desire to balance the total debt service paid over time vs. mitigating the property tax impact, seeking USDA financing for a 30-year term on a level annual debt service / payment structure was deemed to be the most advantageous to the County.
 - The County has had preliminary conversations with the USDA which has provided an indicative interest rate of 2.125% for a 30-year financing.

Financing Scenario – USDA Financing

- If the County issued its General Obligation Bonds via a USDA loan by the end of FY2022 and repaid the debt over a 30-year level annual debt service basis at an interest rate of 2.125%, it could expect to pay approximately \$1.5 million in debt service per year beginning in FY2023 through FY2052 as highlighted in the table below.

Fiscal Year	Principal	Interest	Debt Service
Total	33,000,000	11,966,788	44,966,788
2023	797,643	701,250	1,498,893
2024	814,593	684,300	1,498,893
2025	831,903	666,990	1,498,893
2026	849,581	649,312	1,498,893
2027	867,634	631,258	1,498,893
2028	886,072	612,821	1,498,893
2029	904,901	593,992	1,498,893
2030	924,130	574,763	1,498,893
2031	943,768	555,125	1,498,893
2032	963,823	535,070	1,498,893
2033	984,304	514,589	1,498,893
2034	1,005,220	493,673	1,498,893
2035	1,026,581	472,312	1,498,893
2036	1,048,396	450,497	1,498,893
2037	1,070,675	428,218	1,498,893
2038	1,093,426	405,467	1,498,893
2039	1,116,662	382,231	1,498,893
2040	1,140,391	358,502	1,498,893
2041	1,164,624	334,269	1,498,893
2042	1,189,372	309,521	1,498,893
2043	1,214,647	284,246	1,498,893
2044	1,240,458	258,435	1,498,893
2045	1,266,818	232,075	1,498,893
2046	1,293,737	205,156	1,498,893
2047	1,321,229	177,664	1,498,893
2048	1,349,305	149,588	1,498,893
2049	1,377,978	120,915	1,498,893
2050	1,407,260	91,633	1,498,893
2051	1,437,164	61,728	1,498,893
2052	1,467,704	31,189	1,498,893

- Please note, USDA will likely require that the County put interim financing in place during the construction period prior to issuing its loan in which case the County would have to pay interest on that interim financing during FY2022 which is not reflected in the debt service table above.

Repayment Source

- The County has two primary repayments sources for the General Obligation Bonds – Sales Tax and Property Tax.

Sales Tax

- In addition to the state-wide 4.75% sales tax, the County levies an additional 2.00% in sales tax via Article 39 (1 cent), Article 40 (1/2 cent) and Article 42 (1/2 cent).
- A portion of the Article 40 and Article 42 sales taxes are allocable to school capital outlay or school debt service as follows:
 - Article 40: 70% used for general purposes; 30% used for school capital / debt service
 - Article 42: 40% used for general purposes; 60% used for school capital / debt service
- In addition, the County receives a distribution of additional sales tax revenues under North Carolina General Statute 105-524 that is restricted for economic development, public education and community college purposes.
- The allocable portion of the Article 40 / 42 sales tax that was reserved to pay school debt and / or capital needs and the additional distribution under NCGS 105-524 was approximately \$1.1 million in FY2020.
 - The County currently uses approximately \$575,000 of this amount to pay existing school related debt service which drops to approximately \$520,000 in FY2024.
 - Assuming that the County uses \$100,000 of sales tax revenues to pay for annual maintenance and capital needs for the School District on a going forward basis, the County would have approximately \$425,000 available in FY2023 and FY2024 and approximately \$480,000 thereafter to apply towards debt service on the General Obligation Bonds if it elected to do so.
 - This amount is subject to fluctuation based on annual sales tax collections.

Property Tax

- The County may also use property taxes to support school debt and / or capital expenditures.
 - The approximate value of one penny on the County's property tax rate is equal to \$100,000 with an assumed growth rate in that value of 1.00% / year.

Tax Impact

Based on the assumptions previously stated and assuming the County increased its tax rate in FY2022 and set that revenue aside to be available to pay the debt service on the General Obligation Bonds in future years, the County could service the new debt with 10 cent tax increase as highlighted in the table below.

Any additional funds generated could be used to guard against a downturn in future sales tax / property tax revenues, be used for additional school operating or capital needs or be used for additional County needs.

Fiscal Year	Sales Tax Collections	Less: Existing Debt Service	Less: Budgeted Capital Contribution	Net Sales Tax Revenues Available for DS	Property Tax Revenues	Total Revenues Available for Debt Service	Proposed Debt Service	Surplus (Deficit)	Cumulative Fund Balance
2021	1,100,000	(575,711)	(100,000)	424,289		424,289			
2022	1,100,000	(574,517)	(100,000)	425,483	1,011,550	1,437,033		1,437,033	1,437,033
2023	1,100,000	(573,322)	(100,000)	426,678	1,021,666	1,448,343	1,498,893	(50,550)	1,386,483
2024	1,100,000	(519,978)	(100,000)	480,022	1,031,882	1,511,904	1,498,893	13,011	1,399,494
2025	1,100,000	(519,978)	(100,000)	480,022	1,042,200	1,522,223	1,498,893	23,330	1,422,823
2026	1,100,000	(519,978)	(100,000)	480,022	1,052,622	1,532,645	1,498,893	33,752	1,456,575
2027	1,100,000	(519,978)	(100,000)	480,022	1,063,149	1,543,171	1,498,893	44,278	1,500,853
2028	1,100,000	(519,978)	(100,000)	480,022	1,073,780	1,553,802	1,498,893	54,910	1,555,763
2029	1,100,000	(519,978)	(100,000)	480,022	1,084,518	1,564,540	1,498,893	65,647	1,621,410
2030	1,100,000	(519,978)	(100,000)	480,022	1,095,363	1,575,385	1,498,893	76,492	1,697,903
2031	1,100,000	(519,978)	(100,000)	480,022	1,106,317	1,586,339	1,498,893	87,446	1,785,349
2032	1,100,000	(519,978)	(100,000)	480,022	1,117,380	1,597,402	1,498,893	98,509	1,883,858
2033	1,100,000	(519,978)	(100,000)	480,022	1,128,554	1,608,576	1,498,893	109,683	1,993,541
2034	1,100,000	(519,978)	(100,000)	480,022	1,139,839	1,619,862	1,498,893	120,969	2,114,510
2035	1,100,000	(519,978)	(100,000)	480,022	1,151,238	1,631,260	1,498,893	132,367	2,246,877
2036	1,100,000	(519,978)	(100,000)	480,022	1,162,750	1,642,772	1,498,893	143,879	2,390,756
2037	1,100,000	(519,978)	(100,000)	480,022	1,174,378	1,654,400	1,498,893	155,507	2,546,263
2038	1,100,000	(519,978)	(100,000)	480,022	1,186,121	1,666,144	1,498,893	167,251	2,713,514
2039	1,100,000	(519,978)	(100,000)	480,022	1,197,983	1,678,006	1,498,893	179,112	2,892,626
2040	1,100,000	(519,978)	(100,000)	480,022	1,209,962	1,689,985	1,498,893	191,092	3,083,717
2041	1,100,000	(519,978)	(100,000)	480,022	1,222,062	1,702,084	1,498,893	203,191	3,286,909
2042	1,100,000	(519,978)	(100,000)	480,022	1,234,283	1,714,305	1,498,893	215,412	3,502,321
2043	1,100,000	(519,978)	(100,000)	480,022	1,246,625	1,726,648	1,498,893	227,755	3,730,076
2044	1,100,000	(519,978)	(100,000)	480,022	1,259,092	1,739,114	1,498,893	240,221	3,970,297
2045	1,100,000	(519,978)	(100,000)	480,022	1,271,683	1,751,705	1,498,893	252,812	4,223,109
2046	1,100,000	(519,978)	(100,000)	480,022	1,284,399	1,764,422	1,498,893	265,529	4,488,637
2047	1,100,000	(519,978)	(100,000)	480,022	1,297,243	1,777,266	1,498,893	278,373	4,767,010
2048	1,100,000	-	(100,000)	1,000,000	1,310,216	2,310,216	1,498,893	811,323	5,578,333
2049	1,100,000	-	(100,000)	1,000,000	1,323,318	2,323,318	1,498,893	824,425	6,402,758
2050	1,100,000	-	(100,000)	1,000,000	1,336,551	2,336,551	1,498,893	837,658	7,240,416
2051	1,100,000	-	(100,000)	1,000,000	1,349,917	2,349,917	1,498,893	851,024	8,091,440
2052	1,100,000	-	(100,000)	1,000,000	1,363,416	2,363,416	1,498,893	864,523	8,955,963
2053	1,100,000	-	(100,000)	1,000,000	1,377,050	2,377,050	-	2,377,050	11,333,013

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Next Steps

If the County Board of Commissioners wanted to move forward with the issuance of the General Obligation Bonds via a 30-year USDA loan, the following steps would need to be followed:

- Make formal application to USDA for funding
- Obtain letter of commitment from USDA
- Finalize school design plans and costs
- Obtain interim financing during construction period

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Some of the discussion included a question by Board of Education Member Chris Purcell on why the USDA loan option was chosen over the private option. Mr. Cheatwood explained that the private option requires a 20-year term and the USDA option allows a 30-year term. The private option results in a higher tax impact.

There was also some discussion concerning the amount of net tax received versus the net tax available for debt service. After a number of questions were raised, it was decided that a meeting be scheduled with USDA and Mr. Cheatwood to further clarify the financing options.

There being no further matters for discussion Board of Education Chairman Christian Overton called for a motion to adjourn. A motion to adjourn was offered by Chris Purcell and seconded by Jason Banks. The motion carried unanimously with four members voting aye, no member voting no and one member absent.

Commissioner Clayton Riggs offered a motion to adjourn the Board of Commissioners. The motion carried unanimously with five members voting aye and no member voting no.

The meeting was adjourned at 1:34 PM.

ATTEST:

Tom White, Chairman
Camden County Board of Commissioners

Karen M. Davis
Clerk to the Board