

STATE OF NORTH CAROLINA

COUNTY OF VANCE

The Vance County Board of Commissioners met in special session on Thursday, December 29, 2016 at 9:00 a.m. in the Commissioners' Conference Room, Vance County Administration Building, 122 Young Street, Henderson, NC. Those Commissioners present were as follows: Chairman Dan Brummitt, Vice-Chairman Thomas S. Hester, Jr., Commissioners Carolyn Faines, Yolanda J. Feimster, Leo Kelly, Jr., Archie B. Taylor, Jr., and Gordon Wilder.

Absent: None.

Also present were County Manager Jordan McMillen, Finance Director David C. Beck, and County Attorney Jonathan S. Care.

Chairman Dan Brummitt called the Water District Board to order.

The purpose of the special meeting was to receive the Letter of Conditions from USDA for Phase 3 of the water project.

County Manager Jordan McMillen stated that the Water Committee (Wilder [C], Brummitt, & Taylor,) met Wednesday, December 28th with the project engineer (LKC Engineering) and staff to review the financial analysis for Phase 3 of the county water project prior to receiving a letter of conditions from USDA. USDA is prepared to issue a letter of conditions for Phase 3 which will outline the terms of a \$1,000,000 grant, \$212,000 loan, and a \$10,000 water district contribution from tap and connection fees for this project. The County was informed in the past two weeks that USDA is ready to proceed with funding the project prior to the end of 2016 to ensure a lower interest rate and to ensure the availability of the funding and grant package. Phase 3 includes 78 existing signups along Rock Mill Road from Faulkner Town Road to NC Hwy 39, NC Hwy 39 from Gillburg to Foster Road, Foster Road from NC Hwy 39 to the end at Foster Mobile Home Park, and Foster Road Extension from Foster Road to the Gills Little Mill Creek. The committee completed a thorough review of the financial analysis associated with the \$212,000 loan and ensured the assumptions were conservative before determining that the project and loan will produce additional revenue and have a positive impact on the existing financials for the water system. Current estimates show a positive impact of \$16,500 per year to the water system as a result of the project being completed. In fiscal year 2016-17, the county budgeted \$501,000 from the general fund to cover the existing water system

debt. The committee made note that although the revenue impact is minor, the project will add to the customer base for the system and add a waterline to a growth corridor area within the county. The committee also discussed the timing for repayment of the loan and felt this could be done relatively quickly as a loan from the general fund to the water fund. The committee recommended accepting the letter of conditions from USDA and proceeding with the design for Phase 3.

Jonathan Jones, USDA, was present and provided information on the project budget, repayment schedule, security requirements, preauthorized debt payment, interim financing, construction account, disbursement of funds, permits, etc. He also presented the loan resolution as follows:



RESOLUTION
by the
Vance County Water Board

BE IT RESOLVED:

That the Vance County Water District accepts the conditions set forth in a Letter of Conditions dated December 29, 2016 and for RUS Bulletin 1780-27, "Loan Resolution" for the Vance County Water District Phase 3 project.

That the Chairman of the Vance County Water District be authorized to execute all forms necessary to obtain a loan and grant from USDA Rural Development for Phase 3, including, but not limited to the following forms:

RUS Bulletin 1780-27	Loan Resolution
Form RD 1942-46	Letter of Intent to Meet Conditions
Form RD 400-1	Equal Opportunity Agreement
Form RD 400-4	Assurance Agreement
Form RD 1940-1	Request for Obligation of Funds
Form 1910-11	Applicant Certification Federal Collection Policies
Form AD 1047	Certification Regarding Debarment Primary Covered Transactions
RUS Bulletin 1780-12	Water or Waste System Grant Agreement

That if the interest rate charged by Rural Development should change between this date and the date of actual loan approval, the Chairman of the Vance County Water District be authorized to execute new forms reflecting the current interest rate and revised payments as required by Rural Development.

That the Vance County Water District elects to have the interest rate charged by Rural Development be the lower of the rate in effect at either the time of loan approval or loan closing.

That the Vance County Water District hereby agrees to comply with all Federal, State, and local laws and regulations in accordance with RUS instruction 1780-6-A, WWD Processing Checklist (Public Body).

This resolution is to become a part of the official minutes of the Vance County Water District special called meeting on December 29, 2016.

This, the 29th day of December, 2016.

R. Dan Brummitt (signed)
R. Dan Brummitt, Chairman
Vance County Water Board

Attest:

Kelly H. Grissom (signed)
Kelly H. Grissom
Clerk to the Board

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Motion was made by Commissioner Thomas S. Hester, Jr., seconded by Commissioner Gordon Wilder, vote unanimous, to approve the resolution accepting the conditions set forth in the letter of conditions dated December 29, 2016 for Phase 3 of the county water system. Commissioner Yolanda Feimster abstained.

Motion was made by Commissioner Gordon Wilder to authorize LKC Engineering to proceed with the design phase of the previously approved owner-engineer agreement for engineering services related to Phase 3 of the Vance County Water System. This motion was seconded by Commissioner Thomas S. Hester, Jr. and unanimously approved.

Review and Input – Revised Water Users Agreement. The committee also reviewed a revised water user’s agreement which will be put in effect on January 1, 2017 when the incentivized water tap and connection fees increase. The revised agreement was included for input from the full board.

At this time, Chairman Brummitt declared the Water District Board closed.

As there was no further business, at 9:50 a.m., motion was made by Commissioner Thomas S. Hester, Jr., seconded by Commissioner Archie B. Taylor, Jr., vote unanimous, that the meeting be adjourned.

Approved and signed January 9, 2017.

R. Dan Brummitt (signed)
R. Dan Brummitt, Chairman