

March 10, 2010

The Carroll County Board of Supervisors held a joint meeting with the School Board on, March 10, 2010 at Woodlawn School.

Present were: Wesley G. Hurst
Dr. Thomas W. Littrell
David V. Hutchins
W.S. "Sam" Dickson
Andrew S. Jackson
N. Manus McMillian
Gary Larrowe, County Administrator
Ronald L. Newman, Assistant Administrator
Nikki Shank, Assistant Administrator

Dr. Littrell called the meeting to order at 6:10 p.m. and declared a quorum.

Mr. Dennis Green lead in invocation and pledge.

SCHOOL CONSTRUCTION PRESENTATION

Dr. Smith thanked everyone for coming and told that this will be an open forum with conversations and questions. He told that we have the financial team as well as the consultants and architects with us tonight. He told that many have received calls on the snow and presented pictures to show that there is still a lot of snow in some places around the county. He told that the worst thing is trying to forecast and they try to watch it very carefully. He told that they started working on school construction in 1992 and it has been a long process. He told that when he came on in 1997 he was stunned at the price and worked on how to make it more affordable.

Dr. Smith told that may people are wondering why now and some thinks that it is crazy with the economy struggling. He told that there are some positive signs and after the Great Depression many things came to fruition with stimulus dollars. He told that right now things are improving and this is something we need to consider. He told that some of the benefits are federal funding and ARRA funds are available for a brief time. Dr. Smith told that the prime rate has gradually decreased over the years and it is now 3.5% and there is a soft construction market. He told that many communities have saved statewide and bids are coming in lower. He told that there are deals to be had and there is a possible savings of \$34 million over the life of the loan.

Dr. Smith told that it will help the local economy as well with purchasing supplies and materials. He told that it was in the hotline about the debt service and they have \$6 million to drop off in 2014. He told that the proposed Phase III will have recreation facilities and 21st century classrooms because we need to invest in our children's future. He told it will be a 1500 capacity high school and they would renovate the existing high school for the intermediate students. He told that they would use the intermediate school for alternative education and also for the School Board office. He told that they would be adding 9th grade to the high school and have that part of the building separated. He asked if there are any questions.

Mr. Dickson told that they have a nice place for their offices now and asked why they would want to move.

Dr. Smith told that they have wrestled with that and that they could stay where they are but they know that the county may need space for growth in the future. He told that if they were happy with them in the building then they are happy to stay.

Mr. Randy Baker with Pinnacle Architect Firm told that while the economy is challenging there are a lot of schools trying to do the same thing right now. He told that contractors call every week to see when bids are going out. He told that right now it is affordable to build schools. He told that the time is now because steel is starting to go up. He told that contractors need work and today's opportunity is the right one. He told that they are excited about the project and they have the forces to get this done quickly. He

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told that their firm has a history of very low construction bids and we could take advantage of the financing.

Mr. Joe Niggel told that he used to manage the Va. Public School Authority and they were thrilled when bonds were 7 to 12% and now we are seeing 4%. He told that there are a lot of avenues that they could take regarding financing. He told that the interest rate is low right now, but it will go back up. He told that right now you can borrow for 25 years or 40 years for the same interest rate.

Mr. Brent Jeffcoat told that right now there are Taxable Build America Bonds where the government pays 35% of the interest cost. He told that it will be going down to 28% after the end of this year. He told that there is a potential for a cost savings of \$25 million for the complete project. He told that they have never had a project come in over their estimate because they use very conservative numbers. He went over a power point and explained the financing. He told that they would look over and explore all the funding options to get the best deal. He told that there would be no debt service payment in 2011 – 2013.

Mr. Golding told that he was concerned about the debt service and no increase over 25-35 years.

Mr. Jeffcoat replied that was correct and it will be a fixed interest rate. He told that they left a chunk to do other projects without having to raise the debt service. He told that they would need to capture some money annually for maintenance.

Mr. Utz told that until we get a bid we cannot go any further.

Mr. Jeffcoat told that was correct but they can still work on the base financing.

Mr. Utz told that if we could get the bids within the next 2-3 months that we could know something by September.

Dr. Littrell told that on page 12 it says that the debt is \$3.2 million currently and at the end of 35 years it would be zero if nothing else is added.

Mr. Utz told that it would take years before the building gets built.

Dr. Smith told that we go ahead and issue the financing now, but delay the principal for a couple of years.

Mr. Hurst asked if the red on the chart is the total of old and new debt.

Mr. Jeffcoat replied no.

Mr. Hurst told that it is not going to be just the \$3.2 million that it is layered on top of the existing debt.

Mr. Gardner told that he was confused now.

Mr. Hurst told that it would be a total debt service payment of \$6.8 million.

Mr. Hutchins told that it doesn't decrease the debt service, just the amount owed.

Mr. Dickson asked if we are paying \$3.4 million per year and we still continue to pay what is existing do we pay both or will it still be \$3.4 million.

After much discussion Mr. Hurst told that the Board has a lot of questions and told that he would entertain a motion to adjourn.

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ADJOURMENT

Upon motion by Mr. Hutchins, seconded by Mr. Jackson and passing, the Board adjourned until March 29, 2010 at 7:00 p.m. for a joint meeting with the School Board.

VOTES

Mr. Jackson	Yes
Mr. Hurst	Yes
Mr. Hutchins	Yes
Mr. Dickson	Yes
Dr. Littrell	Yes
Mr. McMillian	Yes

(Order)