

**Camden County Board of Commissioners
Camden County Board of Education
Joint Meeting
May 28, 2020; 6:00 PM
Camden County High School Media Center**

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 6:00 PM in the Media Center of Camden County High School. The primary purpose of the meeting was to receive a presentation by MB Kahn, Inc. and discuss a possible Bond Referendum for the construction of a new high school. Included on the agenda for the Board of Commissioners was consideration of the CARES Act Fund Disbursement Plan.

Board Members Present

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

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

Consideration of the Agenda

Camden County Board of Education - A motion was offered by Kevin Heath and seconded by Sissy Aydlett to approve the agenda as presented. The motion carried unanimously with five members voting aye and no member voting no.

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

Presentation on Proposed New High School

Mr. Rick Ott of M.B. Kahn an update on the proposed high school construction project.

**Building a new
Camden County High School
for future generations!**

We are ready to roll.....

- Recent facility study's conclusion: the high school must be replaced to make space for growing enrollment
- Every school in the District will benefit
- Hired a Design-Builder
- The District spent the last 11 months developing an educational program for the new school
- Selected an Architect and they are ready to start working with the Public

We are ready to roll.....

- Went through many iterations of the educational program

Existing Camden County High School:	Enrollment: Approx. 600 students Facility Size: Approx. 85,000sf • High School - Approx. 40,000 sf • Early College - Approx. 21,000 sf
NCDA Student Requirements:	Enrollment: 600 students; 1600 core Minimum Facility Size: 110,346 sf excluding Early College
New High School & Early College:	Enrollment: 600 students; 1800 Core Total Facility Size: 130,263 sf* • High School - Approx. 118,000 sf • Early College - Approx. 12,263 sf

* without further space reduction

We are ready to roll.....

- Prepared an estimate for a 130,263 sf school:

Building Cost:	\$34,742,000
Site Development:	\$4,000,000
Athletics:	\$2,500,000
Subtotal Construction Costs:	\$41,242,000
Technical Costs:	\$7,386,000
Total Project Cost:	\$48,628,000
Off-Site Improvements (DOT)	\$840,000

BOE establishes project budget of \$49.3 million

Tax Impact Notes

- A project budget of \$49.3 - \$12.3 million (State Grant Funds in hand) results in supplemental funds of \$37 million.
- High potential for additional State Funds
- Sell GO bonds or borrow only what you need.
- Interest Rates are at historic lows.
 - General Obligation 20 year bonds ~1.5% to 2.0%
 - USDA Loan rates up to 40 years term is 2.375%



Needs-Based Grant Limitations

- **New high school project only**
- Review and approval of the design is required by NC DPI (Department of Public Instruction)
- Safety criteria is **mandatory**
- Must provide a report by April 1, 2021
- Distribution in year:
 - 2019-2020
 - 2020-2021
 - 2021-2022



FIRST TRYON PROJECTED TAX IMPACTS

Scenario	Scenario 1	Scenario 2	Scenario 3	
Issuance Type	Public Sale	USDA	USDA	
Issuance Amount	\$37mm	\$37mm	\$37mm	\$49.3
Term	20 Years	30 Years	40 Years	
Interest Rate	3.00%	3.00%	3.50%	
Structure	Level Principal	Level Debt Service	Level Debt Service	
Total Debt Service	\$48,655,000	\$55,693,378	\$69,304,378	
Max Annual Debt Service	\$2,960,000	\$1,887,113	\$1,732,609	
Avg Annual Debt Service	\$2,432,750	\$1,887,113	\$1,732,609	
Est. Tax Impact (cents)	18.9	11.7	10.4	

Scenario	Scenario 4	Scenario 5	Scenario 6	
Issuance Type	Public Sale	USDA	USDA	
Issuance Amount	\$32mm	\$32mm	\$32mm	\$45.3
Term	20 Years	30 Years	40 Years	
Interest Rate	3.00%	3.00%	3.50%	
Structure	Level Principal	Level Debt Service	Level Debt Service	
Total Debt Service	\$43,385,000	\$50,509,067	\$61,812,013	
Max Annual Debt Service	\$2,640,000	\$1,683,636	\$1,545,300	
Avg Annual Debt Service	\$2,160,750	\$1,683,636	\$1,545,300	
Est. Tax Impact (cents)	16.0	10.0	9.8	

FIRST TRYON PROJECTED TAX IMPACTS

Scenario	Scenario 7	Scenario 8	Scenario 9	Additional State Funds
Issuance Type	Public Sale	USDA	USDA	
Issuance Amount	\$30mm	\$30mm	\$30mm	\$49.3
Term	20 Years	30 Years	40 Years	
Interest Rate	3.00%	3.00%	3.50%	
Structure	Level Principal	Level Debt Service	Level Debt Service	
Total Debt Service	\$38,450,000	\$45,917,333	\$56,192,739	
Max Annual Debt Service	\$2,400,000	\$1,530,578	\$1,404,818	
Avg Annual Debt Service	\$1,972,500	\$1,530,578	\$1,404,818	
Est. Tax Impact (cents)	14.1	8.7	7.8	

Scenario	Scenario 10	Scenario 11	Scenario 12	Additional State Funds
Issuance Type	Public Sale	USDA	USDA	
Issuance Amount	\$25mm	\$25mm	\$25mm	\$49.3
Term	20 Years	30 Years	40 Years	
Interest Rate	3.00%	3.00%	3.50%	
Structure	Level Principal	Level Debt Service	Level Debt Service	
Total Debt Service	\$32,875,000	\$38,264,444	\$46,827,282	
Max Annual Debt Service	\$2,000,000	\$1,275,481	\$1,170,682	
Avg Annual Debt Service	\$1,643,750	\$1,275,481	\$1,170,682	
Est. Tax Impact (cents)	10.9	6.5	5.5	



Financing Options

GO Bonds

- Today's rate for 20 yr. AAA = 1.5%
- Insured rate = 1.9%
- A School District sold bonds this month at 1.2% / 15 yr.

USDA Loan

- Today's rate USDA CF Direct Loan = 2.375% up to 40 years.
- USDA CF Guaranteed Program = Bank determined rate

All less than the 3.0-3.5% used in previous tax impact scenarios.



We are ready to roll.....

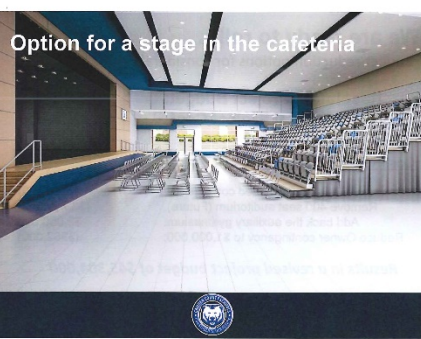
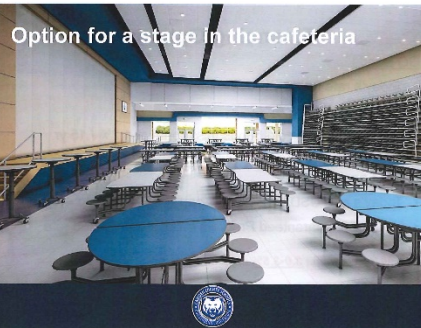
Budget reduction options for consideration:

Resolution Project Budget: \$49,300,000
Total Project Cost: \$48,628,000

Cost Reduction Options

Delete BOE added contingency: (\$672,000)
 Remove 400 seat auditorium (Future): (\$3,740,000)
 Add back the auxiliary gymnasium: \$2,050,000
 Reduce Owner contingency to \$1,000,000: (\$962,000)

Results in a revised project budget of \$45,304,000



Impacts of delaying the referendum

Potential Loss of Grant funds

\$12,300,000

Tier 1 Grant Funds require a \$1 match for every \$3 granted.
Tier 2 Grant Funds require a \$1 match for every \$1 granted.

Without funds to secure match the County would either have to raise taxes to pay for match or lose state grant funds.

Impacts of delaying the referendum

Construction Inflation = 4-6% annual

Using the lower 4% adds **\$4,000,000 to project cost for 2 year delay**

Impacts of delaying the referendum

+1 point interest rate increase
Add \$4,400,000
additional cost to taxpayers

+2 points interest rate increase
Add \$8,800,000
additional cost to taxpayers

Supplemental Funding Opportunities

- Education and Transportation Bond Act of 2020 (House Bill 1225)
- Bi-partisan Sponsors
- Must receive voter approval for \$3.1 billion:
 - \$1.5 billion for road projects
 - \$600 million for the UNC System
 - \$200 million for community colleges
 - \$800 million for K-12 school projects

NEXT STEPS

6/1 Commissioners adopt resolution of Notice of Intent

7/13 Public Hearing Final vote on adopting the resolution

7/31 Information for Ballot required

10/9 Last day to Register to vote

Voters have **154 days** to consider the information

11/3 Election Day

June 2 to November 2 : Community Outreach

See handout

Our Legacy...Building for the Future

- ✓ New opportunities for students
- ✓ Historically low interest rates
- ✓ State grants available
- ✓ Minimize inflation costs
- ✓ Economic impact of ~100 new jobs
- ✓ Increased local business
- ✓ Every School benefits
- ✓ Everyone benefits: Students & Community

Building a new Camden County High School for future generations!

Mr. Ott’s presentation also included a sample timeline of required actions that are necessary to proceed with placing a Bond Referendum on the November 3, 2020 election. He noted that the final decision does not have to be made until the third reading.

County Manager Ken Bowman addressed the Boards with the following remarks:

As the Budget Officer for Camden County, it is my responsibility to advise the leadership when financial situations develop that impact the community and the citizens of the County.

That being said, I have been directly involved with the financing of many projects within the last few years that have impacted the operational budget. This year I just completed the 2020-21 budget and it will be presented to the Board of Commissioners at their June 1st meeting for a public hearing and approval. The budget this year increased over last year by \$200k to a total of \$13.5M. The current tax rate is 75 cents, which generates approximately \$100k per one cent of tax revenue for the County. My recommendation this year to the Board of Commissioners is to fund the budget as presented without a tax increase.

Over the past few months we have been very busy working with the Superintendent and MB Kahn on the prospects of building a new high school. To say the least, this has been very challenging – especially working with the Local Government Commission, Bone Counsel, and the financial advisors for the County based on the current recommendation from the School Board to build a school in the amount of \$49.3M. The school has a \$12.3M grant which can be applied toward the construction of the school which will reduce the amount to borrow to approximately \$37M. I've had multiple discussion with these folks to get their insights and guidance on how to proceed with financing this project. It should be noted that the \$10M that was in last year's State Budget is most likely not available due to the Coronavirus impact on the state.

Based on a 20-year loan with a maximum annual debt service of \$2.9M, the projected tax increase to the citizens to finance this project is estimated at an additional 18.5 cents more, bringing the total tax bill to 93.5 cents per \$100 of the assessed property value. An example of this: The current tax for a \$200k house is \$1500 per year. The tax rate for the same house would increase to \$1870 per year for an increase of \$370.

After speaking with the Local Government Commission, we were advised, based on a county the size of Camden, the ability to service this debt is excessive. Funding at this rate leaves no room for any added increases over the next 20 years such as infrastructure, utilities, buildings, upgrades, vehicles, Sheriff's Office, etc. because the County will have limited ability to pay for these items, which is not a realistic approach for future planning. Although building a new high school would be the optimal choice, the proposed cost could place the County in a challenging situation for future years.

I would recommend a committee be organized with representatives from both boards to look at options to meet the needs and lower the cost. Thank you for your time and attention to this very important topic.

Board of Education Members Chris Purcell and Kevin Heath spoke to the importance of looking at all the financing options available so as to get the tax rate increase down to as low as possible.

Discussion took place between the two boards concerning the results of the feasibility study conducted by MB Kahn as well as how the cost of the project might be reduced.

Mr. Ott reiterated that the amount to be financed does not have to be finalized until the third reading; that it can decrease from the amount given at the first reading, but cannot increase. He added that it became clear during the feasibility study that the construction of a new school was the only option that solved all of the issues in regard to the space needs of the school system. The plan includes continued usage of all of the current school facilities.

Commissioner Riggs added that this idea has been on the table for a number of years and with little to no progress and a committee could work on trying to get the cost down before the final reading.

Further discussion took place in regard to the variety of financing options available and the impact on the tax rate.

A motion was offered by Commissioner Garry Meiggs to organize a committee with representatives from both of these boards to study this project promptly and diligently for the possibility of at least getting it on the 2022 ballot.

Mr. Ott, upon request of Board of Education Chairman Christian Overton, explained that to delay the project to 2022 will result in a potential loss of grant funds and an increase of construction costs and interest rates.

Commissioner Ross Munro requested that Commissioner Meiggs table his motion in light of the fact that a final decision does not have to be made until the third reading. If it is possible that a committee could get the tax rate increase down to 10 cents, he would be comfortable letting the voters decide in November.

Commissioner Riggs suggested that a vote be taken on the current motion and then a second motion be offered to get to the third reading before making a final decision.

Commissioner Meiggs declined to withdraw his motion.

The motion carried 3-2 with Commissioners Garry Meiggs, Clayton Riggs and Randy Krainiak voting aye and Commissioners Tom White and Ross Munro voting no.

Commissioner Riggs inquired if a motion could be made to proceed with the three readings to get to a final decision. Chairman White explained that due to the fact that the vote taken was to place it on the 2022 ballot, no further action could be taken.

There being no further matters on the agenda for the Board of Education, Chairman Overton called for a motion to adjourn. A motion was offered by Chris Purcell and seconded by Kevin Heath to adjourn. The motion carried unanimously with five members voting aye and no member voting no.

Board of Commissioners

CARES Act Fund Disbursement Plan

County Manager Ken Bowman presented the following draft plan for disbursement of the CARES Act Relief Funds:

- Part-time program administrator - \$35k
- Part-time custodian - \$15k
- Personal Protective Equipment - \$25k
- Plexi-glass shields in common areas - \$15k
- Modifications to building ventilation systems - \$20k
- Modifications to building entrances - \$10k
- Funding for additional meetings - \$20k
- Laptops / monitors with cameras and microphones / meeting OWL - \$50k
- Small business and nonprofit relief grant program for local business impacted by COVID-19 - \$50k
- Emergency Management - \$25k
- Camden Schools (Technology) - \$50k

The plan is required to be submitted by June 1, 2020. All funds will be managed by a program administrator. The program will be monitored on a regular basis and funds will be allocated using a request form with justification. Any unspent funds on December 31, 2020 will be returned.

Vice-Chairman Clayton Riggs offered a motion to approve the Plans for COVID-19 Relief Funds as presented by the County Manager and authorize him to sign the CRF County Plan for submission to the State. The motion carried unanimously with five members voting aye and no member voting no.

Commissioner Krainiak suggested that the amount to the small businesses in the county be reconsidered for a higher amount for distribution.

There being no further matters for discussion Chairman White called for a motion to adjourn. Commissioner Garry Meiggs offered a motion to adjourn. The motion carried unanimously with five members voting aye and no member voting no.

Chairman White adjourned the meeting at 7:20 PM.

ATTEST:

Tom White, Chairman
Camden County Board of Commissioners

Karen M. Davis
Clerk to the Board of Commissioners