
Minutes
Cumberland County Board of Commissioners
September 14, 1999, 9:00 AM
Public Hearing
On Installment Financing Of The Detention Center Construction And
Mental Health Facility Renovation

PRESENT: Vice Chairman Ed Melvin

Commissioner Billy King

Commissioner J. Lee Warren, Jr.

Commissioner Talmage Baggett

Cliff Strassenburg, County Manager

James Martin, Deputy County Manager

Grainger Barrett, County Attorney

Marsha Fogle, Clerk to the Board

ABSENT: H. Mac Tyson II, (out of town, Washington

Issues

With Chamber of Commerce)

Commissioner Breeden Blackwell (out of town,
Accreditation Visit, Rocky Mount)

Thomas Bacote

**1. PUBLIC HEARING on the Installment Financing of the County
Detention Center Construction and Mental Health Facility Renovations.**

Vice Chairman Melvin called this special meeting to order, noting the purpose is to have a public hearing on the installment financing and to approve documents related to the financing.

BACKGROUND: The Board of Commissioners has previously resolved to undertake the financing of the construction and equipping of a detention center and the renovation of an office building for the County's Mental Health Department and the acquisition of certain furniture and equipment, via the issuance of Installment Revenue Bonds in an amount not to exceed \$55,000,000.00. This public hearing has been called to allow input from the public on the financing of the projects.

SPEAKERS:

1. Clinton Harris: Mr. Harris urged the Board to move forward with the project, noting the sooner we move on this, the more money we will save.

ACTION TO BE TAKEN:

1. Approve the resolution and documents (the Agreement, Trust Agreement and first Supplemental Trust Agreement, Deed of Trust and Security Agreement, Bond Purchase contract and Preliminary Official Statement) relating to issuance of the Bonds in the form submitted by Bond Counsel;
2. Authorize the Chairman or Vice Chairman of the Board and the officers of the County, as appropriate, to execute and deliver all documents necessary or appropriate to consummate the above transactions, including the documents above as submitted to this meeting, together with such revisions as may be satisfactory to the County Manager and the Office of the County Attorney.

MOTION: Commissioner King moved to approve the Action as noted above.

SECOND: Commissioner Baggett
VOTE: UNANIMOUS

RESOLUTION CONCERNING FINAL APPROVAL OF THE INSTALLMENT FINANCING AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS IN CONNECTION THEREWITH

WHEREAS, the Board of Commissioners (the "Board") of the County of Cumberland, North Carolina (the "County") has previously resolved to undertake the financing of the construction and equipping of a detention center and the renovation of an office building for the County's Mental Health Department and the acquisition of certain furniture and equipment (the "Projects"); and

WHEREAS, the Projects are to be financed by the County through an installment financing agreement (the "Agreement") with the Cumberland County Finance Corporation, a North Carolina nonprofit corporation (the "Corporation"), in an amount not to exceed \$55,000,000, pursuant to Section 160A-20 of the North Carolina General Statutes; and

WHEREAS, the obligations of the County under the Agreement will be secured by a deed of trust on the land under the Projects; and

WHEREAS, financings pursuant to Section 160A-20 must be approved by the North Carolina Local Government Commission (the "LGC"); and

WHEREAS, the Corporation has proposed to execute and deliver its Installment Payment Revenue Bonds (Detention Center and Mental Health Facility Projects), Series 1999, in an aggregate principal amount not to exceed \$55,000,000 (the "Bonds") pursuant to a Trust Agreement between the Corporation and the First Union National Bank (the "Trustee"), dated as of September 15, 1999 (the "Trust Agreement"); and

WHEREAS, the Bonds are expected to be sold to the public by The Robinson-Humphrey Company, Jackson Securities, Incorporated, First Union Capital Markets Corporation and Wachovia Securities, Inc. (the "Underwriters") pursuant to a Bond Purchase Agreement between the Underwriters and the Corporation and approved by the County (the "Bond Purchase Agreement"); and

WHEREAS, there have been presented to the Board substantially final forms of the following documents which the Corporation, the Underwriters and the County propose to use in connection with the Agreement, the Bonds and the financing of the Projects:

1. *a draft dated August 20, 1999, of the form of Installment Financing Agreement between the Corporation and the County dated as of September 15, 1999 (the "Agreement");*
2. *a draft dated August 20, 1999, of the form of Deed of Trust and Security Agreement dated as of September 15, 1999, to be executed by the County in favor of the Corporation as security for the obligations under the Agreement (together with all other documents, if any, required by the Underwriter as security for the Agreement, the "Security Documents");*
3. *drafts dated August 20, 1999, of the form of Trust Agreement and of the first Supplemental Trust Agreement between the Corporation and the Trustee with respect to the Bonds (the "First Supplemental Trust Agreement");*
4. *a draft dated July 15, 1999, of the Bond Purchase Agreement; and*
5. *a draft dated August 26, 1999, of the Preliminary Official Statement relating to the Bonds which contains certain information*

about the County and the Projects (the "Preliminary Official Statement"); and

WHEREAS, the Board desires to approve the Agreement and the sale of the Bonds
and to authorize other actions in connection therewith; and

WHEREAS, the County has duly conducted a public hearing regarding the Agreement to finance the projects; and

WHEREAS, the LGC will consider the County's application for approval of the Agreement on September 14, 1999;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE COUNTY OF CUMBERLAND, NORTH CAROLINA:

1. The financing of the Projects pursuant to the Agreement and in accordance with the terms and conditions of the Trust Agreement and the Preliminary Official Statement is hereby approved, based, in part, on the following findings:

(a) The proposed Agreement is necessary and expedient for the acquisition, construction and equipping of the Projects, the component parts of which are needed by the County for the performance of its social services, community corrections and other responsibilities;

(b) Because of the nature of the Projects, the proposed Agreement is preferable to a bond issue for the same purpose. The cost of financing under the proposed Agreement is not substantially greater, if at all, than the cost of issuing general obligation bonds.

(c) The anticipated sums to fall due under the Agreement are adequate and not excessive for the stated purposes of acquiring, constructing and equipping the Projects. The cost of the proposed undertaking exceeds the amount of funds that can be prudently raised from current available appropriations, unappropriated fund balances, and non-voted bonds that could be issued by the County in the fiscal year

pursuant to Article V, Section 4, of the North Carolina Constitution.

(d) The County's debt management procedures and policies are good and have been carried out in strict compliance with law and will henceforth be so carried out.

(e) It is anticipated a tax increase in an amount of not more than \$.04 will be required to meet the sums due under the proposed Agreement.

(f) The County is not in default in any of its debt service obligations.

(g) Counsel has rendered an opinion that the proposed Projects are authorized by law and are purposes for which public funds may be expended pursuant to the constitution and laws of North Carolina.

2. The Chairman or Vice Chairman of the Board or the County Manager are hereby authorized and directed to execute and deliver the Agreement, the Security Documents, the Bond Purchase Agreement, the Preliminary Official Statement and a form thereof updated with Bonds sales information (the "Final Official Statement" and, together with the Preliminary Official Statement, the "Official Statement"), which shall be in substantially the forms previously submitted, which are hereby approved, with such completions, omissions, insertions, and changes as may be approved by the Chairman, Vice Chairman or the County Manager, including such changes as may be required by the LGC, their execution to constitute conclusive evidence of their approval of any such completions, omissions, insertions and changes. The Clerk of the Board shall attest and seal such documents as require the Clerk's attestation and the County seal.

3. The Board hereby approves the execution and delivery by the Corporation of the Trust Agreement, the First Supplemental Trust Agreement, the Bond Purchase Agreement and the bonds and any other documents or certificates that may be required in connection with the execution and delivery of the Bonds.

4. The Chairman, Vice Chairman, County Manager, County Finance Officer, County Attorney and Clerk of the Board are hereby authorized to take any and all such further action and to execute and deliver such other documents as may be necessary or advisable to carry out the intent of this resolution and to effect the installment financing pursuant to the Agreement, including, without limitation, procuring a municipal bond insurance policy and entering into rebate compliance agreements. Without limiting the generality of the foregoing, the Chairman, Vice Chairman or County Manager are authorized to approve all details of the financing, including without limitation, the amount advanced under the Agreement (which shall not exceed \$55,000,000), the annual payments under the Agreement, the interest rates with respect to such payments (which shall not exceed an all-in interest cost of 6.25% per annum) and the term of the Agreement (which shall not extend past June 1, 2024). Execution of the Agreement by the Chairman, Vice Chairman or County Manager, as the case may be, shall conclusively evidence approval of all such details of the financing.

5. To the extent permitted by law, the County Manager, or such other officer or employee of the county as may be responsible from time to time for the preparation of the County's annual budget, is hereby authorized and directed to carry out the obligations imposed by the Agreement on such officer or employee.

6. The Board hereby approves and consents to the use of the Preliminary Official Statement and the Final Official Statement, in substantially the form of the Preliminary Official Statement, with such changes as necessary to reflect the maturities and interest rates of the Bonds and other information required by Rule 15c2-12 of the Securities and Exchange Commission. The Chairman, Vice Chairman or the County Manager are hereby authorized to execute the Official Statement in substantially such form, with such completions, omissions, insertions, and changes as may be approved by them, their execution to constitute conclusive evidence of approval of any such completions, omissions, insertions and changes.

7. All other actions of the officers of the County which are in

conformity with the purposes or intent of this resolution and in furtherance of the execution and delivery of the Agreement, including the execution of the Security Documents, the Bond Purchase Agreement and the Official Statement, are hereby ratified, approved and confirmed. The representations of the County made in the Agreement, the Security Documents and the Bond Purchase Agreement are hereby confirmed.

8. All resolutions or parts thereof in conflict herewith are hereby repealed.

9. This resolution shall take effect immediately.

Commissioner Baggett noted that the action taken today does not guarantee or necessarily suggest an increase in our county tax rate next year. He noted that due to our planning, the County hopefully will be alright, and a tax increase will not be necessary.

MEETING ADJOURNED: 9:12AM

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Page last updated 4/22/00