

CUMBERLAND COUNTY FINANCE COMMITTEE
SEPTEMBER 2, 2010, 8:30AM, ROOM 564
MINUTES

MEMBERS PRESENT: Commissioner Kenneth Edge
 Commissioner Jeannette Council
 Commissioner Marshall Faircloth

OTHER COMMISSIONERS ATTENDING: Commissioner Jimmy Keefe
 Commissioner Ed Melvin

OTHERS: James Martin, County Manager
 Amy Cannon, Asst. County Manager/Finance Director
 Rick Moorefield, County Attorney
 Sally Shutt, Communications Manager
 Howard Abner, Assistant Finance Director
 Marie Colgan, Clerk to the Board

Commissioner Edge called the meeting to order.

1. Approve Minutes: June 3, 2010

MOTION: Commissioner Faircloth moved to approve as presented.
SECOND: Commissioner Council
VOTE: UNANIMOUS

2. Discussion Regarding the School Funding Agreement

Mr. Martin provided information on the original agreement and the amended agreement advising the current agreement is due to expire June 30, 2011 which can be extended for another four-year term under mutual agreement. In addition, the agreement requires the Board to make a recommendation regarding the renewal no later than September 30, 2010 and take action on the recommendations and give notice to the other party no later than December 31, 2010. Mr. Martin stated if the current agreement is continued as is, the estimate that would be paid to the schools would be \$76.2M and the Board would be agreeing to provide to the schools the number of dollars that is generated by 37.55 cents of the current tax rate which currently equals 50.7 cents of every current tax dollar collected. In addition, the amendment to the current agreement states that when an economic incentive is granted to a project, the schools and the county will share the amount after the incentive portion is paid.

Commissioner Edge advised that based on the State facing between a \$3B to \$5B deficit next year and since the County does not know what mandates will come down to the counties, he believes the Board should proceed with caution with any agreement until the County knows what the Legislature will be doing next year. Other members voiced their

concern about the budget going forward and the County's other urgent needs, which are being addressed, that is important to the quality of life for the citizens.

Members reviewed the handout regarding a breakdown of the figures on school funding between the original funding agreement and the second funding agreement with the amendment. Another handout provided figures since 1996 and Mr. Abner and Mr. Martin explained the differences in the years where there was no funding agreement as compared to the original agreement and the current agreement.

Commissioner Keefe suggested a hybrid agreement which guarantees a certain amount and then based on legislative actions, the agreement would automatically change to address the change caused by those actions. Commissioner Council suggested considering a two-year agreement instead of a four-year agreement. Commissioner Faircloth stated he did not want an agreement that would not allow the County to make changes based on legislative actions.

Discussion ensued regarding the current agreement and options available to the Board regarding an agreement for next year.

MOTION: Commissioner Council moved to recommend to the full Board to defer consideration of any funding agreement until the Board has a clear picture of any financial mandates that could come to the County from the Legislature, which does not mean that there will not be a funding agreement in its current form or a modified form. This does not imply there will not be a funding agreement beginning 2011.

DISCUSSION: Commissioner Faircloth questioned whether the motion would fulfill the contract requirements and County Attorney Moorefield stated that it would. Commissioner Keefe wanted to ensure there is not a perception that the Board does not want to continue with the current funding agreement. Commissioner Melvin stated he would like to see the agreement stand as it is, with an adjustment in the agreement which will be based on what comes down from Raleigh. Commissioner Council requested that the Committee's sentiment regarding this discussion/motion be relayed to the Finance Officer for the School Board or the Superintendent immediately.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS

3. Monthly Financial Report

No members had questions on the monthly financial report and in the interest of time, Assistant County Manager Amy Cannon advised the thirteenth period report which was handed out is not a complete report. There are no major changes from the report that was presented in June to the Finance Committee.

4. Other Matters of Concern – ABC Staff Request

Mr. Martin asked Mrs. Cannon to speak to a request received from Gene Webb, General Manager of the local ABC. Mrs. Cannon reminded members of an Interlocal Agreement signed in October, 2005 where the Board agreed to front \$275,000 to the local ABC for a new store with a fifteen year payback and a floating interest rate. A request has been made for the same type arrangement for \$1.5M (land and construction) over a ten-year period. After some discussion, it was agreed to have management bring the request back to the committee, with more information, after the ABC's application has been approved by the ABC Commission which is expected during the Commission's meeting on October 14th.

MOTION: Commissioner Council moved to adjourn.

SECOND: Commissioner Edge

VOTE: UNANIMOUS

MEETING ADJOURNED AT 9:45 AM