

CUMBERLAND COUNTY FINANCE COMMITTEE
JUNE 2, 2011, 9:30AM, ROOM 564
MINUTES

MEMBERS PRESENT: Vice Chairman Marshall Faircloth
Commissioner Jeannette Council

MEMBERS ABSENT: Commissioner Billy King

OTHER COMMISSIONERS: Chairman Kenneth Edge
ATTENDING: Commissioner Jimmy Keefe
Commissioner Ed Melvin
Commissioner Charles Evans

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

Commissioner Faircloth called the meeting to order at 9:30 am.

1. Approve Minutes: April 4, 2011

MOTION: Commissioner Council moved to approve the minutes.
SECOND: Commissioner Faircloth
VOTE: UNANIMOUS

2. Discussion of Opportunity to Refund All or Certain Maturities of the Series 2002 and Series 2004 General Obligation School Bonds

Deputy County Manager Amy Cannon stated the County continues to look at the opportunities to refund outstanding debt issues to achieve savings on the debt service. There are two issues - the General Obligation Bond Issues for school facilities in 2002 and 2004 in the amount of \$13.345M and that are eligible for refunding. The most current analysis indicates potential savings of \$1.5M or 8.70% in net present value savings or approximately \$140,000 in annual savings over the remaining life of the bonds. It is expected that the new total interest cost would be about 2.47% and would replace bonds that are currently issued in a range from 4 to 4.5% in interest cost. A tentative approval has been received from the Local Government Commission for placement on its June 7th agenda. If this committee approves the recommendation, an item will be placed on the full Board's June 6th meeting agenda for approval.

Mrs. Cannon further explained that this approval will also take care of the need that was brought forward at the last Board meeting regarding the stripping of tax credits from the qualified school construction bond. By doing the official statement for the proposed transaction, it will take care of the requirement on the stripping of tax credits.

Commissioner Keefe verified that the rate is a fixed rate, but the 2.47% interest rate is a composite rate with different rates for different maturity dates.

MOTION: Commissioner Council moved to recommend to the full Board to approve management's recommendation to move forward with the refunding opportunity and place the bond order on the Commissioner's agenda for June 6, 2011.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS

3. Review of Monthly Financial Report

Howard Abner provided the following highlights from the handout provided:

General Fund Summary of Obligations

The year-to-date % obligated is 75.77% as compared to last year of 72.66%.

General Government Other – is 74.74% compared to 47.01% in 2010 (last year, a slow-down approach was used for transfers in order to earn interest; but this year, interest is so low, there was no need.)

Revenue Summary

Ad Valorem Taxes – collected 98.37% this year as compared to 103.61% last year and are currently on target to be slightly over 100% of budget.

All sales taxes are positive – the first time this year and expectations are that they will be slightly above budget.

ABC Store 3.5% will be above budget by year end and ABC Store Profit is at 102.94% this year as compared to 80.45%.

Miscellaneous –Other is at 167.81% as compared to 64.53% last year (due to three special revenue funds being brought into one fund.)

Commissioner Keefe noted that Animal Control has already exceeded its budgeted revenue and that the Inspections Department is up about 50% over last year's revenue. County Manager Martin noted that it was anticipated that last year would be a slow year in construction, so the budgeted amount was lower than last year.

While reviewing the Crown Center Financial Summary, Commissioner Keefe noted the Crown did more business in April than they did the last nine months and hopes it is a trend. Mr. Martin advised that typically the summer and fall are the slow season for the Crown. Mr. Howard offered to check into the reason for it and will advise what he learns.

4. Other matters of Business

County Manager Martin asked Deputy County Manager Cannon to provide an update on the county health insurance with regard to a proposed pharmacy for employees. Mrs. Cannon reminded members that at the March meeting, members had requested the county move toward an in-house pharmacy for employees to help contain the costs of the health insurance. Due to hours of operation and the location of the Health Department, it was felt that an in-house pharmacy would not provide the best service to the employees and would not achieve the savings needed. Mrs. Cannon then contacted Cape Fear Valley hospital with regard to partnering with the County on a pharmacy. Cape Fear Valley was willing to pursue the partnership, but wanted cost data before making a decision. That information was pulled together and the hospital is currently reviewing the information and several meetings have been held. As of yesterday, they are very interested and suggested an effective date of January 1, 2012, but Mrs. Cannon advised them the County is interested in a September 1, 2011 date. The hospital will be working toward that date, but they do have some staffing issues to work through. It is expected this partnership with the pharmacy will result in significant savings for the County. County Manager Martin asked members to thank hospital administration for consideration of the earlier timeframe, with July 1st being the ideal opening date. Commissioner Council questioned whether the hospital would be interested in purchasing the old public health building for placement of a pharmacy, but Mrs. Cannon stated she had not broached the subject. Mrs. Cannon stated she would like to also pursue an employee medical clinic through the hospital.

MEETING ADJOURNED AT 10:05 AM