

**STATE OF NORTH CAROLINA  
COUNTY OF AVERY**

The Avery County Board of Commissioners met in a Joint Meeting with the Avery County Board of Education on September 21, 2009 at 5:30 p.m. in the Commissioners Board Room, Avery County Administrative Complex, 175 Linville Street, Newland, NC.

Members Present: Kenny Poteat, Chairman; Phyllis Forbes, Vice-Chair; Scott Heath; Martha Hicks; Glenn Johnson

Board of Education Members Present: John Greene, Chairman; Marty Dellinger; Phillip Shomaker; Kathy Aldridge; Jamie Johnson

Others Present: Dr. Keith Eades; Diane Jaynes; Jeff Jaynes; John Mejaski, Banner Elk Town Manager; Robert Tufts, Banner Elk Town Council

Chairman Poteat declared the Board of Commissioners to be back into regular session after a recess.

**Motion by Jamie Johnson and second by Marty Dellinger to move the Board of Education into open session. Motion unanimously approved.**

**Disposition of the old Banner Elk School**

Dr. Keith Eades, Superintendent of Avery County Schools, stated that basically with the disposition of any school facility there is a process to be followed required by general statutes. Dr. Eades said that the first step of the process of disposition of property is to first offer to the Board of Commissioners at fair market value. He stated that the Board of Education's attorney is in the process of working on a Memorandum of Understanding that will clearly lay out the parameters of the disposition of properties. Part of the discussion is that of exchange of the two surplus properties for the new Banner Elk School. Dr. Eades said the BOE with the MOU would offer the properties to the Board of Commissioners to dispose of. Chairman Poteat stated that he was not aware of this until about an hour ago and this would basically be an exchange. Dr. Eades advised that the Board of Commissioners will be financing the property and part of the discussion at a meeting earlier was once the property is turned over to the Board of Commissioners the proceeds would go to reduce the debt of the new Banner Elk School. Scott Heath questioned if the MOU is different than the right of first refusal. Michaelle Poore, County Attorney stated that the MOU is an alternate way of transferring properties without getting into the right of first refusal. Mr. Heath replied that this would put the Commissioners in more control. Dr. Eades stated that this was discussed earlier and the Board of Education does have a consensus that this is the route that they would like to go as far as disposition of the property. John Greene said that the Board of Education was all in agreement with the MOU and assumed that the sale of these two properties would go toward the debt reduction of the new school. Dr. Eades advised that according to the BOE attorney at any point the BOE can declare these properties surplus even though the schools would still be occupied. He said that the BOE was looking at declaring these two properties surplus at the October 12, 2009 Board of Education meeting. The County Attorney advised that with the MOU part of that would indicate that the property would be declared surplus but that the BOE would occupy the properties for different periods of time in regards to Beech Mountain School and Banner Elk School. Dr. Eades stated that the BOE would maintain possession of these two properties until the premises were vacated. Dr. Eades advised that the Beech Mountain property would no longer be in use as of June 20, 2010. Dr. Eades also advised that there have been title searches which appear to be clear and the properties have been surveyed.

**Beech Mountain Community Club**

Mike Estep, representative for the Beech Mountain Community Club, spoke to the Board regarding the Beech Mountain Elementary School. Mr. Estep stated that the Beech Mountain Community Club would like to retain the building for community use. Mr. Estep handed out a list of questions that the Beech Mountain Community Club wanted answered. Mr. Estep asked "Do you plan to lease or sell Beech Mountain School?" Chairman Poteat stated at the moment the Beech Mountain School belongs to the BOE but apparently October 12, 2009 it will be declared surplus so that question will be entertained after the Beech Mountain School is declared surplus. Mr. Estep asked "If the building is leased how long and what would be the stipulations be and if it was for sale, would Beech Mountain Community Club have right of first refusal?" Chairman Poteat stated that in his personal opinion he could think of no worthier owners or leasers than the Beech Mountain Community Club. Mr. Estep asked "What equipment or supplies would be left at the school?" Dr. Eades stated at this point that issue had not been fully discussed but that since the new school will have new furniture and equipment that there will be surplus property in both schools. Mr. Estep said that the Beech Mountain PTO had put \$4000 in new books and that they would come before the BOE to discuss some of these issues. Mr. Estep asked "Have you had any previous offers for the Beech Mountain School?" Dr. Eades stated that there had been no interest outside of the Beech Mountain Community Club.

Mr. Estep recognized Cathy Trivette, Beech Mountain Community Club Vice President; Kelly McGuire, Beech Mountain Community Club President; Tammy Jones, Secretary; Sherry McCloud and Boyd McCloud.

Mr. McCloud stated that if the Beech Mountain Community Club got the building that they needed books, chairs, computers and especially the kitchen equipment. Mr. McCloud said that the PTO had bought a lot of the computers. He also said that there was a great need for the afterschool program and the senior citizen program to stay intact.

### **Banner Elk School Construction Updates**

Dr. Eades introduced Jeff Hurd, MB Kahn Construction Manager. Jeff Hurd handed out a report about the work going on at the Banner Elk School site. Mr. Hurd stated that the BOE would get updates at every meeting and that the BOC would get quarterly updates. Mr. Hurd advised that a notice to proceed was done on September 2, 2009 and grading began on September 7, 2009. Dr. Eades stated that it was projected that the new school would be occupied possibly in December 2010 but more likely shortly after the New Year 2011. Mr. Hurd stated that the report given to the BOC is self-explanatory. He also stated that he would have a projection of what would happen financially in the months of September, October, and December. Glenn Johnson questioned Mr. Hurd if he had any leverage in changing something that a contractor might be doing. Mr. Hurd stated that he worked closely with Danny Clark and Jeff Jaynes and worked on behalf of the Avery County Board of Education. Dr. Eades advised that the BOE attorney and the county attorney had spent some time laying out the protocol for addressing particular issues and clearly defined protocol right down to almost any particular question and what direction to go in.

### **Recess**

There was a brief recess at 6:20 pm.

Chairman Poteat declared the meeting back in session at 6:40 p.m. after a brief recess.

### **Lottery Funds**

Dr. Eades stated that the Lottery Funds have not been used since the lottery came in to being. The Lottery Funds can only be used for capital needs of the school. Dr. Eades stated that the lottery fund now stands at \$488,318.57. He said that he would like to expend some of these funds because one of the things that happened across the state this past spring with the budget and the possibility of losing these funds. Dr. Eades said that he had been thinking about some projects on the table as well as looking at possible debt reduction with these funds. He said he did want to bring to the table that these lottery funds are there and are readily available. The funds are to be used for capital projects, new structures or renovation and debt reduction. Tim Greene stated that making loan payments on the new school could be a possibility. Dr. Eades said that the quarterly proceeds were frozen this summer and we definitely need to plan for the future and also need to look at if there is the potential for losing these funds. Chairman Poteat questioned if the BOE had discussion about needs for the lottery funds. John Greene stated that a list of items had not been formally discussed but the concern is if the state did ask for the lottery funds back. Kathy Aldridge said that we need to fix what needs to be fixed now with these funds and if the money is going to be taken from us then we need to use it. Tim Greene stated that he had thought that perhaps this money could be used for loan payments and this is driven by the budget needs. Ms. Aldridge stated if we came back with an emergency capital need could this money be used for that. Chairman Poteat said that he did not think it was the intent of Avery County to keep the \$500,000 but rather if there is a need such as a boiler bursts or a roof leaks then it should be fixed. Phyllis Forbes questioned if we are not designating this money for something specific can the state come back and take it. Jeff Jaynes replied that the state could come back and take it. Dr. Eades stated that the discussion today is to identify projects to use this money so we do not lose these funds. He said that there are already needs out there.

### **Quarterly Capital Outlay Reports**

A quarterly capital outlay report was given to each person. Dr. Eades stated that this gives an idea where we are for each particular project. Dr. Eades explained some of the projects and the timelines.

### **Proposed Financing for Banner Elk School**

Tim Greene, Finance Officer, stated that the Banner Elk School Project is coming in at approximately 9.4 million dollars excluding the entranceway. He said there was a little over 3 million dollars set aside which leaves 6.5 million dollars shortfall. Mr. Greene stated that RFP's had been sent out to three banks and Sun Trust was the only one that sent back a bid with a rate of 4.77 with a 1% prepayment penalty if there were any prepayments on the loan. Mr. Greene said that with the projections from MB Kahn it looks like between now and December we would be paying out about 1 ½ million dollars out of a possible 2 ½ million dollars so we are in a position to put out some more requests to banks for bids. Mr. Greene said that Avery County was allocated another 2 million dollars for a total of 3.4 million dollars but at this point there are no banks that are interested in making these interest free loans. Mr. Poteat stated that the BOC did not vote at the earlier meeting on this issue with Sun Trust because of the possible need for time to research a little further to see if there is substantial savings to the County. This hinges around the Local Government Commission which meets once a month. Dr. Eades stated that if there was 2.5 million dollars set aside that this should cover the needs until the financing could be complete. Chairman Poteat stated that by consensus that there should be further research before signing with Sun Trust. Jeff Jaynes stated there was a 120 day window. Discussion regarding a time to have another meeting regarding the financing of the Banner Elk School project. It was decided to meet near the last of November 2009 which both clerks will get together to set a date.

**Adjourn**

**Motion by Glenn Johnson and second by Phyllis Forbes to adjourn this meeting at 7:15 p.m. Motion unanimously approved.**

**Motion by Jamie Johnson and second by Kathy Aldridge to adjourn the BOE at 7:15 p.m. Motion unanimously approved.**

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**Kenny Poteat, Chairman  
Avery County Board of Commissioners**

ATTEST: \_\_\_\_\_  
Cindy Turbyfill, Clerk\_

