

MINUTES
BEECH MOUNTAIN TOWN COUNCIL
Special Meeting – August 5, 2014

I. CALL TO ORDER

Mayor Owen called the special meeting of the Beech Mountain Town Council to order at 10:02 a.m., Tuesday August 5, 2014 in the Town Hall Council Chambers. Other Council Members present were Paul Piquet, Alan Holcombe and E. 'Rick' Miller. Councilwoman Cindy Keller was not present. Staff members present were Town Manager Randy Feierabend; Town Clerk Jennifer Broderick, Finance Officer Nancy Johnson, and Public Utilities Director Robert Heaton.

II. Pledge of Allegiance – All present joined in the Pledge of Allegiance to the flag.

III. Adoption of Agenda – Mayor Owen stated that the agenda would stand as presented.

IV. New Business

United States Department of Agriculture Loan for the New Water Treatment Plant – Mayor Owen stated that this meeting was scheduled to approve and sign the United States Department of Agriculture loan paperwork, thus making a formal request for the loan to construct the new Water Plant. Debbie Sexton, Area Specialist for Rural Development, United States Department of Agriculture, stated that today Council would be receiving information with the Letter of Conditions and signing the loan authorization. Mrs. Sexton stated that it should take about 10 days to hear back from the State that the loan has been obligated. Mrs. Sexton stated that the general practice followed is to allow local representatives the opportunity to make the press statement about the authorization of the loan.

Town Council Resolution – Mrs. Sexton placed the Town Council Resolution before Council. Councilman Holcombe motioned to approve the resolution. Vice Mayor Piquet seconded the motion and the vote passed unanimously.

Town Council Resolution

BE IT RESOLVED

That the Town Council of the Town of Beech Mountain accepts the conditions set forth in a Letter of Conditions dated August 5, 2014 including mitigation measures as identified by the environmental assessment:

That the Mayor and Clerk be authorized to execute all forms necessary to obtain a loan from Rural Development, including, but not limited to the following forms:

Form RD 1942-46	Letter of Intent to Meet Conditions
Form RD 400-1	Equal Opportunity Agreement
Form RD 400-4	Assurance Agreement
Form RD 1940-1	Request for Obligation of Funds
Form RD 1910-11	Application Certification Federal Collections Polices

Form AD 1047	Certification Regarding Debarment
Form AD 1048	Certification Regarding Debarment – Lower Tier
Unnumbered Form	Certificate of Compliance

The resolution is to become a part of the official minutes of the Town Council meeting held on August 5th, 2014.

MOTION MADE BY: Councilman Alan Holcombe and
SECONDED BY: Vice Mayor Paul Piquet THAT THE RESOLUTION BE APPROVED.

MOTION PASSED: 4 FOR and 0 AGAINST.

TO BE MADE A PART OF THE MINUTES DATED: August 5, 2014

BY: /s/ Richard H. Owen, Chairman

Attest: /s/ Jennifer Broderick, Clerk

Note: Cindy Keller arrived at 10:12 a.m. after the vote to approve the resolution had been taken.

Mrs. Sexton provided Council with information from the Letter of Conditions stating that this letter is not considered as loan approval, or as a representation as to the availability of funds. The application may be completed on the basis of a RUS loan not to exceed \$4,300,000; and a contribution of \$1,720,000 from the Town for a total project cost of \$6,020,000. If conditions set forth in this letter are not met within twelve months from the date hereof or the date of loan closing Rural Development reserves the right to discontinue the loan. The first payment will be due June 1st. The Town will authorize a form for the automatic withdrawal of the payment. Mrs. Sexton reviewed the security requirements and stated that the loan will consist of \$4,300,000 Water Revenue Bond authorized and prepared in accordance with RUS Instruction 1780, Paragraph 1780.14 and the Local Government Bond Act. Rural development will negotiate the purchase of the bond with the Town and the North Carolina Local Government Commission. The replacement of short-lived assets must be properly budgeted to maintain the financial viability and sustainability of the water system. The approved Preliminary Engineering Report for the proposed project indicates approximately \$448,222 should be budgeted over a fifteen (15) year period for this purpose. Mrs. Sexton pointed out that the certification would be executed at closing.

Loan Resolution – Mrs. Sexton provided a loan resolution to Council. Vice Mayor Piquet motioned to approve the Loan Resolution, Equal Opportunity Agreement, and Assurance Agreement. Councilman Holcombe seconded the motion and the vote passed unanimously. Councilwoman Keller asked if the \$448,222 had to be kept in savings for the full fifteen (15) year period. Mrs. Sexton stated that this amount of money would need to be budgeted for over the course of the fifteen (15) year period. Councilwoman Keller asked if the Town was working with a bond attorney. Manager Feierabend stated that the Town will be working with Bond Consultant Scott Leo. Mrs. Sexton continued, discussing the interim construction financing. The Town will obtain interim construction financing in accordance with RUS Instruction 1780, paragraph 1780.39(d) and the Local Government Bond Act. Interim construction financing will be obtained through the sale of Bond Anticipation Notes(s) with the assistance of the North Carolina Department of State Treasurer, Local Government

Commission. Mrs. Sexton reviewed the audits and managements reports and accounting methods. The initial audit will be prepared in accordance with OMB Circular A-133 and a copy furnished to Rural Development. Mrs. Sexton reviewed insurance and bonding and the fact that the Town must provide evidence of required coverage to Rural Development prior to loan closing, or start of construction, whichever occurs first. Mrs. Sexton reviewed the operating budget and water rate schedule, rules and regulations for the Town's water system, user requirements, debarment certification, debt collection policies, central contractor registration and universal identifier requirements, vulnerability assessment and emergency response plan, permits and final plans and specifications, construction contract documents, procurement of construction services, supplies, equipment, and construction monitoring, professional services and contracts, graduation, mitigation measures, excess funds, closing instructions and other conditions. Water Committee Member Craig Hunter asked if the funds would be given back to the Town that were not used. Mrs. Sexton stated yes.

Councilwoman Keller asked about the bidding process and what would happen if the Town did not want to work with the lowest bidder due to quality of work. Public Utilities Director Robert Heaton informed Council that this project would not be bid on locally because the local businesses do not have the ability to do this size of a project. Mr. Heaton stated that bids will be probably coming from Tennessee and the Hickory, North Carolina area. Mrs. Sexton stated that the United States Department of Agriculture checks the contractors and subcontractors to make sure that they have not been debarred. Mayor Owen thanked Debbie Sexton and the Water Committee that had assisted with the process. Councilwoman Keller asked about the term of the loan being 40 years. Mrs. Sexton stated that this was the typical timeframe and that the loan can be paid off early. Manager Feierabend confirmed that the loan had no prepayment penalty. Mrs. Sexton stated that she would need to be notified of extra payments, pointing out that there was a form that needed to be filled out. Manager Feierabend stated that the Town has discussed making the payments based on the life of the Water Plant. Mr. Heaton stated that in 20 years the Town will need to do pumps, motors, and compressors. Councilwoman Keller asked about the potential upgrade to the size of the Water Plant. Manager Feierabend stated that the Water Plant is being designed so that in the future it can be upgraded from a 1.0 million gallon plant to a 1.5 million gallon plant. Manager Feierabend stated that the Town would need a water source to realize this increase.

- V. ***Adjourn*** – Councilman Miller motioned to adjourn the meeting at 10:49 a.m., which was seconded by Councilman Holcombe. The motion passed unanimously. The meeting was adjourned 10:49 a.m.

Minutes approved by Town Council on August 12, 2014.

Richard H. Owen, Mayor

ATTEST:

Jennifer Broderick, CMC
Town Clerk